DATA REQUEST

KPSC 2_1 With the exception of the cost-of-service study and billing analysis, provide all exhibits and schedules that were prepared in the utility's rate application in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.

RESPONSE

Please see KPCO_R_KPSC_2_1_Attachments1 through 59 for the requested information.

Witness: Michael J. Adams

Witness: Scott E. Bishop

Witness: Andrew R. Carlin

Witness: Jaclyn N. Cost

Witness: Lerah M. Kahn

Witness: Timothy C. Kerns

Witness: Adrien M. McKenzie

Witness: Franz D Messner

Witness: Everett G. Phillips

Witness: Michael Spaeth

Witness: Alex E. Vaughan

Witness: Katharine I. Walsh

Witness: Heather M. Whitney

DATA REQUEST

KPSC 2_2 Refer to the Direct Testimony of Cynthia G. Wiseman (Wiseman Direct Testimony), page 16. Explain how Kentucky Power intends to use the approximately \$446.7 million proceeds received from the securitization process.

RESPONSE

Refer to the proposed financing order, page 63, section III Findings of Fact, subsection D, Use of Proceeds, which describes the use of proceeds as follows, "Upon the issuance of securitized bonds, BondCo will use the net proceeds from the sale of the securitized bonds (after payment of up-front financing costs) to pay to Kentucky Power the purchase price of the securitized property. The proceeds from the sale of the securitized property will be applied by Kentucky Power to reduce its recoverable securitized costs. The proposed accounting entries will result in removal of the regulatory asset representing the distribution portion of recoverable securitized costs from Kentucky Power's books. Thereafter, bond proceeds will be used to repay any outstanding term loans and short-term debt at Kentucky Power and to fund capital expenditures to support utility operations and services. The specific application of the proceeds will be determined by market conditions and Kentucky Power's expected future expenditures at the time the proceeds are received."

Witness: Franz D. Messner

Witness: Cynthia G. Wiseman

DATA REQUEST

- **KPSC 2 3** Refer to the Wiseman Direct Testimony, page 20.
 - a. Provide the preliminary analysis that shows an approximate \$69 million annual increase in depreciation expense.
 - b. Explain whether Kentucky Power analyzed the expense impact of a wholistic update of its depreciation rates. If so, provide the analysis. If not, explain why not.
 - c. State whether Kentucky Power has performed a depreciation study since 2017. If so, provide the most recent study. If not, explain how often Kentucky Power has historically performed depreciation studies.

RESPONSE

- a. Please refer to KPCO_R_KPSC_2_3_Attachment1, which contains the Company's preliminary depreciation analysis prepared prior to filing this case. The attached preliminary analysis was not subject to the Company's normal review process, and any final depreciation study completed in the future may differ from this preliminary analysis.
- b. No, the Company did not analyze in connection with this case the expense impact that a holistic update would have on depreciation rates. The Company reviewed the preliminary results of the depreciation study provided in part (a) of this response. Considering the estimated impact on the revenue requirement in this case that would result from including an update to depreciation rates (an approximate \$69 million increase), Kentucky Power decided to postpone an update to depreciation rates to a future base rate proceeding.
- c. No, the Company has not submitted any depreciation study since 2017. Historically, the Company has analyzed, on at least a preliminary basis, its depreciation rates prior to each of its rate cases. Similar to this case, the Company prepared a preliminary depreciation study as part of its last rate case, Case No. 2020-00174. However, like in this case, the Company reviewed the preliminary analysis and determined not to update depreciation rates in that case in order to mitigate the requested revenue requirement.

Witness: Brian K. West

DATA REQUEST

KPSC 2_4 Refer to the Direct Testimony of Brian K. West (West Direct Testimony), page 14 and Figure BKW-2 and Figure BKW-3. Provide the name of Peer 1, Peer 2, and Peer 3 utilities in Figure BKW-2 and BKW-3.

RESPONSE

In Figures BKW-2 and BKW-3, Peer Utility 1 is Duke Energy Kentucky, Peer Utility 2 is Kentucky Utilities Co., and Peer Utility 3 is Louisville Gas & Electric Co.

Witness: Brian K. West

DATA REQUEST

KPSC 2_5 Refer to the West Direct Testimony, page 16. Provide a copy of the proposed Distribution Reliability Rider (DRR) Work Plan and specific project timeline.

RESPONSE

The proposed DRR Work Plan is included as part of the Company's application as Exhibit EGP-4 to the Direct Testimony of Company Witness Phillips (Application Section III, Volume 1, PDF page 180 of 1064). In addition, please see Mr. Phillips's workpaper filed in response to KPSC 2-1

(KPCO_R_KPSC_2_1_Attachment11_PhillipsWP1), which includes an Excel workbook that details the DRR project costs and timeline of projected costs, and the estimated impact on SAIDI.

The Company proposes to file a new rolling five-year DRR Work Plan at each annual true-up proceeding. The Commission will have the opportunity to review and approve the new DRR Work Plan during that proceeding.

Witness: Brian K. West

DATA REQUEST

KPSC 2_6 Refer to the West Direct Testimony, page 17.

- a. Provide an example of how the company will account for the DRR program expenses to be recovered by account code covering the first two years of the program including two annual true-up filings.
- b. Using the accounting example in part a., show how the accounts will change when the company rolls the DRR balance into base rates using a historical test year. Include in the response an explanation of whether the various program project accounts will roll into the same or different account inside base rates.
- c. Using the accounting example in part a., show how the accounts will change when the company rolls the DRR balance into base rates using a forecasted test year. Include in the response an explanation of whether the various program project accounts will roll into the same or different account inside base rates.

RESPONSE

a.-c. The Company will track DRR project costs for recovery in the same manner used to track approved environmental surcharge projects. Please refer to KPCO_R_KPSC_2_1_Attachment3_KahnWP1 for how the Company handled establishing a new basing point for the environmental surcharge in this proceeding. This is then utilized in all subsequent environmental surcharge filings, once effective, to determine what amounts above or below that basing point should be recovered through the mechanism.

Each program included in the DRR Work Plan and recovered through the DRR will have a specific work order to track all costs, which are recorded to various FERC accounts. These work orders will be used to identify eligible DRR costs recorded in the Company's books for inclusion in future DRR and base rate revenue requirement calculations. Once established, the same FERC accounts and work orders will be used whether costs are recovered through the DRR or base rates. What does change is the basing point determined in rate case proceedings which reflects the amount that is rolled into base rates, as described above.

Witness: Brian K. West

Witness: Heather M. Whitney

DATA REQUEST

KPSC 2_7 Refer to the West Direct Testimony, page 18. Explain if the projects contemplated in the DRR Work Plan would require a CPCN.

RESPONSE

Based on the Company's review of CPCN requirements and the nature of the proposed projects currently included in the DRR Work Plan, including the projected annual spend, the Company does not anticipate that the projects currently included in the DRR Work Plan would require a CPCN. However, the Company intends to review whether a CPCN would be required for each new project proposed in the DRR Work Plan in subsequent annual filings. If the Company determines that a CPCN would be required for a project, then the Company will file an application for a CPCN. Moreover, because the Company proposes to make an annual filing detailing the projects to be included in the DRR Work Plan, the Commission will have the opportunity to review the projects proposed in the DRR Work Plan well in advance of the project being started and provide any input with respect to CPCN requirements.

Witness: Brian K. West

DATA REQUEST

KPSC 2_8 Refer to the West Direct Testimony, page 20. Provide when Kentucky Power intends to propose advanced metering infrastructure (AMI). Also state whether Kentucky Power plans to propose recovery for AMI meters through the DRR.

RESPONSE

The Company is currently evaluating its options regarding future AMI deployment. Given the current failure rates of existing AMR meters along with the supply of existing AMR meters, the Company is currently estimating a 2025/2026 rollout timeframe. The Company believes that the DRR could be an appropriate recovery mechanism for AMI at the appropriate time, given the reliability benefits associated with AMI metering; however, the Company has not determined through what mechanism it would propose to recover future AMI deployment costs. The Company would file an application for a CPCN for AMI metering, which would include a description of the proposed recovery of AMI deployment costs, once the Company determines a more definite rollout timeframe.

Witness: Everett G. Phillips

Witness: Brian K. West

Witness: Stephen D. Blankenship

DATA REQUEST

KPSC 2_9 Refer to the West Direct Testimony, page 25. Provide an updated Figure BKW-4 reflecting the Decommission Rider Regulatory Asset and Tariff P.P.A. Under- Recovery Regulatory Asset balances as of June 30, 2023.

RESPONSE

Please see KPCO_R_KPSC_2_9_Attachment1 for the requested information.

Witness: Brian K. West

DATA REQUEST

KPSC 2_10 Refer to the West Direct Testimony, page 29. Explain whether Kentucky Power would securitize regulatory assets that were approved for securitization if the Commission were to deny securitization for some of the regulatory assets in BKW-4.

RESPONSE

If the Commission were to deny securitization for some of the regulatory assets in Figure BKW-4, the Company would need to evaluate based on that decision whether the Company would be able to securitize the regulatory assets that were approved for securitization. The Company intends to securitize for customers' benefit all regulatory assets approved for securitization to the extent the approved balance exceeds the threshold amounts identified in KRS 278.672(1), and to the extent the size is marketable.

Witness: Brian K. West

Witness: Franz D. Messner

DATA REQUEST

KPSC 2_11 Refer to the West Direct Testimony, pages 30–31. Explain whether Kentucky Power pays more for accounts receivable financing or short-term debt.

RESPONSE

Because Kentucky Power stopped selling its accounts receivable in February 2022, the current cost rate that would be associated with accounts receivable financing is unknown. Historically, the cost rate for accounts receivable financing has been higher than short-term debt. The cost rates for accounts receivable financing and short-term debt in the 2017 base rate case (Case No. 2017-00179) were 1.95% and 0.80%, respectively. In the 2020 base rate case (Case No. 2020-00174), the cost rates for accounts receivable financing and short-term debt were 2.802% and 2.230%, respectively. However, short-term debt is not a complete substitute for accounts receivable financing. See also the Company's response to KPSC 2-62.

Witness: Brian K. West

Witness: Franz D. Messner

DATA REQUEST

- **KPSC 2_12** Refer to the Direct Testimony of Stevi Cobern (Cobern Direct Testimony), page 5, Figure SNC-1.
 - a. Confirm that the total Residential Energy Assistance (REA) funds, consisting of customer collections and company match prior to administrative costs being deducted, was \$908,931 for program year 2022/2023. If not confirmed, provide the total amount of REA funding for program year 2022/2023.
 - b. For the 2022/2023 Program Year, provide the average monthly bill, broken down between customers with electric heat and those with non-electric heat, for the months of January through April for customers that received funds through the Home Energy Assistance in Reduced Temperatures (HEART) program.
 - c. For the 2022/2023 Program Year, provide the average monthly bill for the months of January through April for customers that received funds through the Temporary Heating Assistance in Winter (THAW) program.

RESPONSE

a. The pre-administrative amount for the HEART and THAW 2022/2023 program year was \$910,610.13. Please note that, the figures in SNC-1 account for the post-administrative costs including the administrative costs for the Donation HEART program. Also, to determine the slots and funding available for the upcoming program year, the Company engages in a multi-step process:

First, the Company forecasts the annual amount of funds to be collected for the upcoming program year through the REA surcharge and Company match. Second, the Company adds or subtracts the actual current balance (or rollover) for the HEA programs. Finally, the Company subtracts the anticipated administrative costs for the upcoming program year to arrive at the total funds available for distribution for the upcoming program year.

Please see KPCO_R_KPSC_2_12_Attachment1 for the actual funds collected from the REA surcharge and Company match from July 2022 through June 2023.

b.-c. Please see KPCO R KPSC 2 12 Attachment2.

Witness: Lerah M. Kahn Witness: Stevi N. Cobern

DATA REQUEST

KPSC 2 13 Refer to the Cobern Direct Testimony, pages 6–7.

- a. Provide the number of customers per class for January 2022 through July 2023 that did not pay their bills by the due date.
- b. Using the information in Item 13(a), provide the number of customers who did not pay on time, but did pay within 21 days.

RESPONSE

a.-b. Please see KPCO_R_KPSC_2_13_Attachment1. The Company currently has data available through June 2023. Additional information for July 2023 will be provided once available, with an anticipated date of September 12, 2023.

Witness: Stevi N. Cobern

DATA REQUEST

- **KPSC 2_14** Refer to the Direct Testimony of Amanda C. Clark (Clark Direct Testimony), page 9.
 - a. Provide all Kentucky Power Economic Growth Grants (K-PEGG) grants that have been awarded since 2020.
 - b. For each K-PEGG grant awarded, provide a schedule in Excel Spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible with the total cost of the project and the dollar amount of funds for the project that were derived from the K-PEGG, broken down by funds derived from customers through the Kentucky Economic Development Surcharge and funds derived from Kentucky Power shareholder funds.
 - c. Provide any economic development opportunities Kentucky Power is evaluating that will increase energy sales over the next five years.

RESPONSE

- a.-b. All KPEGG awards since 2020 are identified in KPCO_R_KPSC_2_14_Attachment1. These Company also has identified the awards in its annual reports filed in Case No. 2017-00179.
- c. Kentucky Power presently has 7 active economic development opportunities that could increase energy sales over the next 5 years. Of those opportunities, one has publicly announced but not started operations. Omnis Building Technologies, Ashland will locate in Wurtland, KY and plans to employ 60 people and use 15MW of power. Other economic development opportunities include 4 potential projects that have short-listed sites within Kentucky Power's service territory but have not made a final decision to locate there. Those opportunities collectively represent 2,940 potential jobs and 940MW of power. Finally, Kentucky Power has 2 other projects that have chosen sites but have not made a public announcement. Those opportunities collectively represent 375 jobs and 280MW of power. See KPCO_R_KPSC_2_14_ConfidentialAttachment2 for a listing of economic developments opportunities Kentucky Power is evaluating.

Additionally, the following economic development contracts are currently pending before the Commission:

- 1. Ebon International: cryptocurrency/data processing facility-plans to employ 125 people and use 250MW of power.
- 2. Cyber Innovation/Rockhouse: cryptocurrency/data processing facility-plans to employ 3 people and use 7MW of power.

Witness: Amanda C. Clark

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item 14
Public Attachment 2
Page 1 of 1

KPCO_R_KPSC_2_14_ConfidentialAttachment2 has been redacted in its entirety.

DATA REQUEST

KPSC 2_15 Refer to the Direct Testimony of Everett G. Phillips (Phillips Direct Testimony), page 6, Figure EGP-1. Explain why the year 2020 does not include data for January–March and provide an update to the table that includes data for the entirety of 2020.

RESPONSE

Data for January through March 2020 were properly excluded from Figure EGP-1 because any amounts during that time frame were part of rate base used to establish rates in the Company's prior base rate case (Case No. 2020-00174). Capital additions for the current base rate case began 4/1/2020 and ended 3/31/2023. Nonetheless, please see KPCO_R_KPSC_2_15_Attachment1 for a revised Figured EGP-1 table that includes data for the entirety of 2020.

DATA REQUEST

KPSC 2_16 Refer to the Phillips Direct Testimony, page 6, Figure EGP-1. Explain whether the System Restoration category contains expenses for which Kentucky Power would request authorization for a regulatory asset in the future. If it has items from this category have previously been established as a regulatory asset, provide the year and amount for each.

RESPONSE

The System Restoration category in Figure EGP-1 does not contain expenses for which Kentucky Power would request authorization for a regulatory asset in the future. Figure EGP-1 in Company Witness Phillips' Direct Testimony identified Kentucky Power Distribution capital additions only. When the Company requests authorization to establish a regulatory asset for storm restoration costs, such as those described in Company Witness Blankenship's Direct Testimony, the requested regulatory asset is only incremental operations and maintenance expenses (O&M) above the level of storm costs imbedded in the Company's base rates. Therefore, the System Restoration category in Figure EGP-1 does not contain expenditures that would be included in future regulatory asset requests.

Witness: Everett G. Phillips

Witness: Brian K. West

Witness: Heather M. Whitney

DATA REQUEST

KPSC 2_17 Refer to the Phillips Direct Testimony, page 9, Figure EGP-2. Explain whether the O&M expenses in Figure EGP-2 are inclusive of major storm costs for which Kentucky Power has sought a regulatory asset. If major storm regulatory assets are included in Figure EGP-2, update the table for 2018 and 2019. Include in the explanation whether the amounts shown in Figure EGP-2 or the updated table are the amounts included in base rates.

RESPONSE

Figure EGP-2 in the Direct Testimony of Company Witness Phillips excludes O&M expenses related to major storm event system restoration costs for which the Company has sought a regulatory asset. Figure SDB-6 on page 41 of Company Witness Blankenship's Direct Testimony provides a list of incremental O&M associated with major storm event system restoration and the related regulatory asset cases. The amounts included in column "Test Year" of Figure EGP-2 are included in the cost-of-service prior to any jurisdictional allocation or going-level adjustments.

Witness: Everett G. Phillips

Witness: Stephen D. Blankenship

Witness: Katharine I. Walsh

DATA REQUEST

KPSC 2_18 Refer to the Phillips Direct Testimony, page 8. Explain the reason Kentucky Power is buying the property mentioned instead of continuing to lease the property. Include in the response the effect this conversion had on the ratepayers.

RESPONSE

Following the Commission's May 4, 2022 Order in Case No. 2021-00481 approving the sale of Kentucky Power Company to Liberty Utilities, the Company bought out the leased property to facilitate sale completion. After the announced termination of the sale of Kentucky Power, the Company has resumed its process of leasing these types of assets going forward. However, the Company will continue to own the bought-out property through its remaining life, because returning to lease financing for these assets would be costly given (1) current elevated interest rate levels, (2) used assets are generally financed at a higher interest rate than new assets, and (3) transaction costs.

From a ratepayer perspective, owned assets are financed at the Company's weighted average cost of capital, while leased assets are financed at a lease rate commensurate with a secured debt financing rate that aligns the property's economic life with the lease term. For example, if a fleet truck had an economic life of 10 years, the lease rate for this leased asset would be comprised of either a 10-year swap rate or treasury rate, plus a fixed rate credit spread under the terms of the Company's leasing arrangement, assuming a capital lease.

Witness: Brian K. West

Witness: Franz D. Messner

DATA REQUEST

KPSC 2_19 Refer to the Phillips Direct Testimony, page 16. Provide a comparison of customers per distribution line mile between Kentucky Power and its neighboring distribution cooperatives.

RESPONSE

On page 16 of Company Witness Phillips' Direct Testimony, the comparison is made to investor-owned utilities because the data used for the comparison is publicly available. After a good faith search, these same data points for regional electrical cooperatives in eastern Kentucky do not appear to be publicly available, and the Company is therefore unable to provide the requested comparison.

DATA REQUEST

KPSC 2_20 Refer to the Phillips Direct Testimony, pages 19–20. Explain whether the Capacitor and Regulator Inspection and Maintenance Program, the Recloser Maintenance/Replacement Program, and the Overhead Conductor Program cover the entire distribution system every two years. If not, explain how often each program covers the entire distribution system.

RESPONSE

Under the Capacitor and Regulator Inspection Maintenance Program, all of the Company's capacitor banks are inspected for proper operation on an annual basis.

Under the Recloser Maintenance / Replacement Program, all of the Company's reclosers are inspected on an annual basis.

Under the Overhead Conductor Program, overhead lines are inspected every two years as required by the Commission.

DATA REQUEST

KPSC 2 21 Refer to the Phillips Direct Testimony, page 25.

- a. Explain how the trees outside the right-of-way (ROW) program differs from the standard guidelines and procedures already established in the vegetation management program.
- b. Explain the operation of the program and the criteria for choosing circuits or sections of circuits for the program.
- c. Explain why eliminating problem trees outside of the ROW as they are encountered is not an appropriate strategy to manage trees outside the ROW problem.
- d. Prior to the scheduled clearing of a circuit, explain how the utility works with customers and landowners to address problem trees. Include in the response Kentucky Power's current practices and as contemplated under the proposed DRR program.

RESPONSE

a.-b. As stated in Mr. Phillips' Direct Testimony, trees outside the ROW (TOR) remain the principal cause of outages in Kentucky Power's service territory. Because of that, the Company has included TOR as a component of its current Vegetation Management Program, though in a more limited manner. During its inspection and clearing of vegetation inside the ROW, danger trees outside of the ROW are identified, homeowners are contacted, and the Company removes the danger tree(s) when permitted by the property owner. This approach is further limited because, although it is a focus, danger trees outside the ROW are not necessarily targeted outside regular inspection and clearing of ROW inside the ROW. Using the current approach means that vegetation management is only performed on each distribution circuit once every five years, pursuant to the Company's Vegetation Management Plan. Danger trees can appear between vegetation management cycles (off-cycle).

Beginning with the Company's 2018 Vegetation Management Plan, the Company established a pilot program to widen the Company's existing ROW to address TOR outages. The program targeted specific circuits that had been identified as having reliability issues. This program has had substantial success (see Figure EGP-9 in Mr. Phillips's testimony) which shows a 15% reduction in SAIDI over the applicable period..

Based on this success, the Company proposes as part of the DRR Work Plan to expand the TOR component of its Vegetation Management Program (see pages 25-26 of Company Witness Phillips's Direct Testimony) to additional, targeted circuits as part of the TOR – Enhanced ROW Widening program. This work will be incremental to that currently provided in the Company's existing Vegetation Management Plan and will be tracked and monitored via the DRR.

Operationally, the TOR – Enhanced ROW Widening program in the DRR will function with the same guidelines and procedures currently utilized for the existing TOR program within the Vegetation Management Program. The TOR – Enhanced ROW Widening program will use the same techniques in targeting the TOR circuits with the greatest need for improvement. These circuits are identified by reviewing historical circuit data to determine which have the highest customer minutes of interruption due to a cause of vegetation management. Then, the Company would approach property owners for permission to remove the danger trees and overgrowth in order to expand the Company's ROW in an effort to improve the reliability of these targeted circuits.

c. Eliminating danger trees outside the ROW as they are encountered and identified is the historical approach to addressing the danger trees and overgrowth outside the ROW. As described in Mr. Phillips's testimony and in the Company's response to KPSC 2-21(a), the limited enhanced widening program that the Company has performed as part of its Vegetation Management Program since 2018 has shown notable SAIDI improvement on the circuits that the enhanced widening technique was employed versus the circuits that have not had any enhanced widening performed.

As also stated in the Company's response to KPSC 2-21(a), using the traditional approach means that any danger trees outside the ROW would be mitigated on the same cycle-basis as trees inside of the ROW: once every five years. By addressing the TOR issue through the TOR – Enhanced ROW Widening program within the DRR on a more strategic and targeted basis, the Company expects to have similar success to its pilot program on the additional circuits to be included in connection with the DRR. Additionally, the Company can address danger trees outside of the ROW off-cycle, and would not have to wait until vegetation management activities occur during the normal five-year cycle. This allows the Company to address such issues more quickly and help mitigate reliability issues caused by trees outside the ROW in a more proactive manner.

d. Any time Kentucky Power is required to do work on or near the customer's premises, the Company attempts to provide as much communication about the work to be undertaken as possible. This protocol would be continued under the DRR.

The Company would start with a courtesy notice to the customer(s) prior to commencing work. The next step would be to meet (in person to the extent possible) with the affected customer(s). The Company representative would provide as much detail about the project to the customer as possible, including the condition of the tree or vegetation, the proximity to the Company's facilities, and the issues that might arise if the tree were to fall into the Company's facilities.

If the Company is addressing a tree on the customer's premises, the Company will seek permission from the customer to trim or remove the subject tree. If the customer refuses the Company's request, the Company will not include the tree in the clearing work to be performed.

The Commission does ask the Company for information on completed circuits and will, on a regular basis, inspect the completed work on those circuits. The Company has participated in these inspections and provided additional on-site information during the inspection process.

DATA REQUEST

KPSC 2 22 Refer to the Phillips Direct Testimony, page 25.

- a. Explain whether Kentucky Power has performed a cost benefit analysis to demonstrate that the pilot program to remove danger trees outside the ROW program is more beneficial to customers than the standard vegetation management practices.
- b. Explain how Kentucky Power measured improvement in its reliability metrics because of the pilot program to remove danger trees outside the ROW program.

RESPONSE

- a. Please see the Company's response to KPSC 2-21(a-b). Please also see Company Witness Phillip's workpaper KPCO_R_KPSC_2_1_Attachment11_PhillipsWP1, which contains a historical review (2020-2022) of Company spend versus the expected reliability improvement. This review helped inform the Company with respect to DRR Work Plan program priority, which was aimed at achieving the most CMI savings versus dollars spent. The Company has also analyzed data to determine major drivers of reliability issues. As shown in Figure EGP-5 of the Direct Testimony of Company Witness Phillips, trees outside the ROW make up 46% of the total customer minutes of interruption (CMI) in 2022 and has been above 45% of the major outage causes since 2018. Figure EGP-9 in Mr. Phillips's Direct Testimony also demonstrates the benefits of a TOR widening program.
- b. On a monthly basis, Kentucky Power monitors all trees outside the ROW (TOR) outage occurrences and analyzes historical outage data on a station and circuit level.

The Company measures improvements to its TOR reliability for those circuits widened by comparing the circuit TOR CMI improvements (the following year after widening) to the circuits' three-year average prior to widening. The Company uses a three-year average to better eliminate outlier annual data and develop a more accurate trend. By comparing those circuits where widening was completed to those circuits where widening has not been performed further illustrates that the Company's trending improvements are not overstated due to an outlier annual TOR SAIDI where weather was favorable across the Company's service territory.

The TOR – Enhanced ROW Widening program included as part of the DRR Work Plan includes CMI monitoring further into the circuit at a zonal level (protective device level) vs. the current practice of monitoring at the circuit level and will continue to spread across a larger footprint of the distribution system. The Company also will continue to compare dollars spent to SAIDI minutes saved similar to what is shown in KPCO_R_KPSC_2_1_Attachment11_PhillipsWP1 and discussed in the Company's response to KPSC 2-22(a).

DATA REQUEST

KPSC 2_23 Refer to the Phillips Direct Testimony, page 25. Provide the vegetation management budget from 2018 through July 2023. Include the portion of the budget for clearing of vegetation including trees outside the ROW as a part of the total vegetation management budget.

RESPONSE

Please see KPCO_R_KPSC_2_23_Attachment1 for O&M and capital budgets from 2018 through July 2023.

Witness: Everett G. Phillips

Witness: Brian K. West

Case No. 2023-00159
Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 23
Attachment 1
Page 1 of 1

Budget	2018	2019	2020	2021	2022	2023 Budget through July
Capital Budget per year (Total)	\$7,389,537	\$9,107,070	\$8,599,668	\$9,333,038	\$8,512,317	\$4,907,415
Capital Budget per year (TOR)	\$6,100,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$3,791,667
O&M Vegetation Management Budget Per year	\$21,638,766	\$21,283,946	\$21,472,777	\$21,733,094	\$21,577,961	\$12,528,298

DATA REQUEST

KPSC 2 24 Refer to the Phillips Direct Testimony, page 25 and page 28.

- a. Explain whether Kentucky Power has easements with all property owners for all its distribution circuits. If not, explain why not.
- b. Explain whether Kentucky Power is expanding the easement within which the ROW exists as part of the program.
- c. Explain whether Kentucky Power's vegetation management program clears out to either the National Electric Reliability Council (NERC) recommended ROW width or Kentucky Power's guidelines for each of its circuits. If not, explain why not.

RESPONSE

a. Although the Company has easements with a majority of property owners, Kentucky Power cannot confirm that the Company has easements with all property owners. During the distribution system's initial construction, the Company acquired broad form easements. This type of easement would be acquired from the original property owner to a tract of land which would encompass several acres of property. The broad form easements allow Kentucky Power Company the following rights: "...to construct, operate and maintain or remove an electric power line with all necessary poles, anchors, wires and fixtures and the right to permit attachments of others to said power poles on and over their lands, with services and extensions there from. Together with the right to cut or trim any trees which may endanger the safety or interfere with the construction and use of said electric power line. To have and to hold the same unto said of the second part its successors, and assigns."

There are some instances where lines were constructed and the Company was unable to identify property owners, and therefore an easement was not taken. In these cases, as the Company constructs new distribution lines, the Company works with the potential new property owner, if they are identified, to acquire an easement.

b. No. Kentucky Power will work with property owners to secure the necessary permissions to complete the additional tree trimming and removal; However, once

permission is given, Kentucky Power believes that it can complete the necessary TOR work within the scope of its existing land rights with the property owners.

c. Yes. The Company does adhere to standards placed by the National Electric Reliability Council (NERC) for all voltage classifications and their associated ROW width requirements. In addition, the Company also adheres to standards, governance, and work practices placed by the Occupational Safety and Health Administration (OSHA) and the American National Standards Institute (ANSI). The Company further distinguishes its ROW width for vegetative clearance by Transmission (higher voltage), and Distribution (lower voltage). Although the Company establishes and maintains the recommended width of ROW defined by these authoritative bodies, the characteristics of our service territory still attribute to approximately 46.0% (see pages 17-18 of Company Witness Phillip's direct testimony) of the Company's customers minutes of interruption (CMI) due to trees outside of the ROW (TOR).

DATA REQUEST

KPSC 2_25 Refer to the Phillips Direct Testimony, page 30. Explain the expanded program operations contemplated in the proposed DRR.

RESPONSE

As discussed in Mr. Phillips' Direct Testimony, the Company is facing numerous challenges that have been major contributors to the Company's reliability performance. The current funding in base rates for the existing programs (Distribution Asset Management, Major Distribution Reliability and Capacity Additions, and the Distribution Vegetation Management Program) that are designed to reduce the number of service interruptions and minimize their impact on customers is insufficient to effect the reliability performance expectations, and improve reliability for customers. The Company will continue to operate its existing programs as a base, but has asked for the DRR to expand and provide incremental funding for the DRR programs.

The DRR Work Plan is comprised of programs that the Company is already performing, but represent a targeted approach that would use dollars that are incremental to the Company's existing reliability programs in base rates (see pages 19-29 of Company Witness Phillip's Direct Testimony) to address the major causes of outages as discussed in Company Witness Phillip's Direct Testimony (pages 14-18). The Company has identified the major causes of outages (through an analysis of the system performance and identification of specific major causes of outages) and will use the DRR's incremental funding to address these issues and improve reliability.

The DRR program, as described in the DRR Work Plan (see pages 30-37 and Exhibit EGP-4 of Company Witness Phillip's Testimony), has a three-pronged strategy to provide incremental support to the existing programs. For the first prong, the Company will focus on the two leading outages causes, TOR and opportunities for transferring customers when faults occur. Building on the success of its pilot program for enhanced ROW, through the TOR – Enhanced ROW Widening program in the DRR, the Company plans to take this approach to additional circuits expecting to achieve similar results to address the leading cause of outages on the Company's distribution system.

The second prong of the strategy is to address opportunities for transferring customers when a fault occurs. Specifically, in the DRR Work Plan, there are several programs that

will support this strategy. These programs include Additional Tie Lines, DACR/Recloser Modernization, and Additional New Distribution Substation Sources. These programs will rely on the Distribution Asset Management Programs as a source for identifying potential opportunities for incremental investment.

The third prong of the DRR strategy is to address asset renewal. In the Asset Renewal/Storm Hardening or Resiliency program of the DRR, the Company will be monitoring and tracking specific defective equipment. As described in Company Witness Phillips's Direct Testimony, two current issues identified by this process are insulators and cutouts (page 18). The incremental DRR funding will allow the Company to address more of these items.

Implementation of the incremental funding for these DRR programs, over and above existing programs recovered via base rates, is necessary to improve reliability for the Company's customers.

DATA REQUEST

KPSC 2_26 Explain whether Kentucky Power's vegetation management program includes trimming secondary lines. If not, explain who is responsible for keeping these lines clear.

RESPONSE

Yes. The Company's Vegetation Management Program includes trimming of secondary lines. However, it does not include trimming of the customer service drop, which is the customer's responsibility.

DATA REQUEST

KPSC 2_27 Refer to the Phillips Direct Testimony, page 30. Explain whether the programs to be included in the second phase of the DRR are programs already being performed by Kentucky Power. Include in the response whether these programs would be expanded from current levels.

RESPONSE

It is premature for the Company to opine on programs that may be included in any next phase of the DRR. Notwithstanding, programs included in any next phase of the DRR could be similar to those proposed in the current DRR Work Plan.

DATA REQUEST

KPSC 2 28 Refer to the Phillips Direct Testimony, page 31.

a. Explain whether Kentucky Power is monitoring and tracking the conditions of its outside equipment as a part of normal operations, and whether expenses related to the monitoring and replacement of defective equipment are already included in base rates.

RESPONSE

a. In the course of normal operations, the Company monitors and tracks the condition of its outside equipment. The Company performs and meets the requirements of 807 KAR 5:006, Section 26, and the Company performs visual inspections before operating its equipment.

Please see the Company's response to KPSC 2-20 for additional information on specific maintenance and inspection programs.

For example, as described in the Direct Testimony of Company Witness Phillips regarding the Company's experience with porcelain cutouts, inspection of the equipment and monitoring and tracking incidents over time allowed the Company to identify a situation where equipment failure, as a result of manufacturer's issue, required Company action to begin replacing the cutouts due to failure of the equipment. When the Company can determine that there is link to a specific manufacture, year make, or model, the Company notifies the Commission for their approval to increase the amount of assets that the Company can replace before the asset fails to proactively improve customer reliability.

Expenses related to monitoring and replacement of defective equipment are included in base rates. However, based on current failure rates, the Company anticipates that an increase is necessary in the replacement of defective equipment in order to maintain and improve reliability. This is one of the reasons that the Company has proposed the DRR, which would allow the Company to replace more defective equipment on a more timely basis than current base rates would allow.

DATA REQUEST

KPSC 2_29 Explain whether the asset renewal activities Kentucky Power proposes to include in the DRR is an expansion of current asset renewal.

RESPONSE

Yes, the asset renewal program within the DRR (Asset Renewal/Storm Hardening or Resiliency) is an expansion of the existing Company activities (e.g. Distribution Asset Management programs that are described on pages 19-23 of Company Witness Phillips's Direct Testimony). As discussed in the Company's response to KPSC 2-25, the funding in the DRR is incremental to base rates and will allow the Company to address some of the leading causes of outages that the Company is facing more quickly than would otherwise be the case without the DRR.

Witness: Everett G. Phillips

DATA REQUEST

KPSC 2_30 Refer to the Direct Testimony of Timothy C. Kerns (Kerns Direct Testimony), pages 7–8. Explain why Kentucky Power is not proposing to extend the retirement date of Big Sandy Unit 1 to 2041 in this proceeding.

RESPONSE

The Company is not aware of a requirement to propose a new retirement date for Big Sandy Unit 1. The Preferred Plan in the Company's pending Integrated Resource Plan includes the extension of the Big Sandy gas unit to 2041.

Witness: Cynthia G. Wiseman

Witness: Brian K. West

DATA REQUEST

KPSC 2 31 Refer to the Kerns Direct Testimony, pages 7–8.

- a. Confirm that the West Virginia Public Service Commission granted Wheeling Power the authority to bring the Mitchell Plant (Mitchell) into compliance with the Effluent Limitation Guidelines (EFG).
- b. Explain how Kentucky Power will retire Mitchell in 2028 when it only owns an undivided 50 percent interest in the plant.
- c. Explain if Kentucky Power divesting its interest in Mitchell in 2028 triggers the requirements of KRS 278.264.

RESPONSE

- a. Confirmed.
- b. Neither Kentucky Power nor Wheeling Power currently plans to retire the Mitchell Plant in 2028. As explained in Company Witness Kerns' Direct Testimony, Kentucky Power's interest in Mitchell will terminate in 2028 as a result of the Commission's Order in Case No. 2021-00004 denying a Certificate for Public Convenience and Necessity ("CPCN") for Effluent Limitation Guidelines ("ELG") projects at Mitchell Plant.
- c. It is the Company's position that KRS 278.264 would not be triggered when Kentucky Power's 50% undivided interest in the Mitchell Plant terminates in 2028.

Witness: Cynthia G. Wiseman

Witness: Brian K. West

Respodent: Counsel (subpart c)

DATA REQUEST

- **KPSC 2_32** Refer to the Kerns Direct Testimony, page 12, Figure TCK-3 and Exhibit TCK-1.
 - a. Provide a schedule showing all maintenance and dates from November 2021–April 2023.
 - b. Correlate the timing of all outages and or derates taken during the test year with the maintenance activity associated with the Big Sandy and Mitchell units.

RESPONSE

a. – b. Please see KPCO_R_KPSC_2_32_Attachment1 for the requested information. For part a the Company performs routine and scheduled maintenance on both Plants.

Witness: Timothy C. Kerns

DATA REQUEST

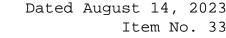
KPSC 2_33 Refer to the Kerns Direct Testimony, page 16. Provide a copy of the Burns and McDonnell assessment(s).

RESPONSE

Please see KPCO_R_KPSC_2_33_Attachment1 for the requested information.

Witness: Timothy C. Kerns

Attachment 1 Page 1 of 9





March 23, 2022

Bill Mast
DIR Projects
American Electric Power Service Corporation for
Kentucky Power and Wheeling Power Companies
1 Riverside Plaza
Columbus, OH 43215

Re: Mitchell Plant CCR/ELG Cost Allocation Summary

Dear Mr. Mast:

Burns & McDonnell has been hired to assess the environmental compliance project associated with Environmental Protection Agency's (EPA's) inter-related rules for 1) disposal of coal combustion residuals (The CCR Rule¹ under 40 CFR Part 257) and 2) the revised effluent limitations guidelines and standards (The ELG Rule² under 40 CFR Part 423). Specifically, Burns & McDonnell has been tasked with aligning the current project scope and resulting cost estimates prepared by others into two specific categories: CCR Compliance and ELG Compliance for Kentucky and Wheeling Power, AEP operating companies (AEP). This is a complicated matter that relies on site-specific evaluation of potential compliance solutions.

General CCR and ELG Compliance

The CCR Rule requires utilities to cease receipt of CCR and non-CCR wastestreams and retrofit or close unlined ponds or ponds failing to meet location restrictions (see 40 CFR 257.101(a)(1) and (b)(1)). A practical consequence of this rule is that if the impoundments must close to comply with the CCR Rule, additional treatment capacity must be implemented to meet the prior best practicable control technology (BPT) limits for wastewater (including limits for Total Suspended Solids (TSS) and oil and grease as defined in 40 CFR 423.12(b)(11)) and replace the surface impoundment treatment capacity prior to closing the impoundment (particularly for units that fail location restriction criteria; and therefore, are not eligible for composite liner retrofits, or for units that cannot provide adequate treatment of flows for continued plant operation during a CCR surface impoundment retrofit installation). This could include the implementation of dry ash handling systems to cease receipt of CCR wastestreams in CCR surface impoundments and allowing the utility to initiate impoundment closure. In fact, EPA allows for utilities to seek an extension to perform such measures and develop alternate

¹ The Hazardous and Solid Waste Management System; Disposal of Coal Combustion Residuals from Electric Utilities; Final Rule, April 2015 and referred to herein as "CCR Rule".

² Steam Electric Power Generating Effluent Guidelines and Standards, November 2015 (and revised after reconsideration in October 2020) and referred to herein as "ELG Rule".

Dated August 14, 2023

Item No. 33
Attachment 1
Page 2 of 9



Bill Mast Kentucky Power and Wheeling Power Companies March 23, 2022 Page 2

disposal capacity if no other treatment alternatives are available onsite or offsite (see 40 CFR 257.103(f)(1)). Conversion to dry handling is recognized as a preferred CCR-compliance strategy by EPA within the preamble of the Part A Final Rule (see 85 Fed Reg 53523). This was also evaluated in the cost impacts for the rule (see 85 Fed Reg 21459).

The ELG rule implements additional best available technology (BAT) limits on the future discharge of wastestreams which are more stringent than the existing BPT limits described above (see 40 CFR 423.13(i) for FGD wastewater and 40 CFR 423.13(k) for bottom ash transport water). Many of these limits require specific technology solutions, such as high recycle systems for bottom ash sluicing systems, "dry" bottom ash handling systems, or biological or membrane treatment of FGD wastewater. These projects are complicated further by prior CCR Rule compliance efforts, which were underway before the ELG rule was finalized. In the preamble of the Final ELG Rule (after reconsideration), EPA recognized the challenges of operating a truly closed-loop system, discussed above, are compounded by the requirements of the CCR rule...According to reports provided to EPA and conversations with electric utilities, several plants have already begun (or even completed) the transition away from impoundments. 85 Fed Reg 64671.

As recognized by EPA, the CCR and ELG rules are inter-related and achieve common goals, including the conversion to dry ash handling technologies before the ELG rule was finalized. The following text is from the preamble of the final ELG rule (emphasis added): Furthermore, the record since the 2015 rule shows that plants have continued to convert away from surface impoundments to the types of technologies described above, either voluntarily or due to the CCR rule, and in 2018, the U.S. Court of Appeals for the District of Columbia vacated that portion of the 2015 CCR rule that allowed both unlined and clay-lined surface impoundments to continue operating. USWAG v. EPA, No. 15–1219 (D.C. Cir. 2018). Since very few CCR surface impoundments are composite lined, the practical effect of this ruling is that many plants with operating impoundments likely will cease sluicing waste to these impoundments in the near future. In the 2015 CCR rule, EPA estimated that it would be less costly for plants to install under-boiler or remote drag chain systems and send BA to landfills rather than continue to wet sluice BA and replace unlined impoundments with composite lined impoundments. 85 Fed Reg 64672-64673.

CCR/ELG Cost Allocation

Burns & McDonnell understands the overall need for this evaluation of CCR and ELG related costs is driven by the inter-related rules and regulatory proceedings in multiple jurisdictions. Within the 2020 reconsideration rule, the ELG Rule would have allowed AEP to agree to

Commission Staff's Second Set of Data Requests
Dated August 14, 2023



Item No. 33
Attachment 1
Page 3 of 9

Bill Mast Kentucky Power and Wheeling Power Companies March 23, 2022 Page 3

permanent cessation of coal combustion by December 31, 2028, make the necessary certification outlined at 40 CFR 423.19(f), and meet the existing BPT limits for TSS for FGD wastewater and bottom ash transport water (as outlined in 40 CFR 423.13(g)(2)(i) and 40 CFR 423.13(k)(2)(ii), respectively). Consequently, AEP would not have needed to install BAT and meet the revised ELG limits if coal combustion were ceased by the end of 2028; however, AEP would still have been required to comply with the CCR Rule and meet any additional water quality criteria implemented on the remaining plant discharges in their next NPDES permit for the remaining period of plant operation. For the purposes of this study, Burns & McDonnell has reviewed the project scope through such a lens, identifying the items required for compliance through 2028 as the "CCR compliance" scope and any additional items as the "Post-2028/ELG compliance" scope.

Mitchell Compliance Project Scope

The Mitchell plant operates a CCR landfill and a CCR surface impoundment, referred to as the bottom ash pond (BAP), which AEP determined is an eligible, unlined surface impoundment (as defined at 40 CFR 257.53), meaning the impoundment is unlined but that it does meet location restrictions, safety factor assessments, and has not impacted groundwater (as of November 30, 2020). Therefore, AEP was required to "cease placing CCR and non-CCR wastestreams into such CCR surface impoundment and either retrofit or close the CCR unit in accordance with the requirements of § 257.102" as soon as technically feasible, but not later than April 11, 2021 (see 40 CFR 257.101(a)(1)). AEP prepared and submitted a Part A demonstration of no alternative disposal capacity according to 40 CFR 257.103(f)(1) and requested a site-specific compliance deadline of April 21, 2023, to cease receipt of wastestreams (after construction of the new disposal capacity is completed). EPA has determined that the demonstration is complete, effectively tolling³ the April 11, 2021, deadline to initiate closure until a decision on the site-specific deadline is published.

The ELG Rule requires additional treatment equipment to 1) reduce the discharge of bottom ash transport water through use of a high recycle rate system or conversion to dry ash handling and 2) reduce the discharge of contaminants in FGD wastewater through use of a biological treatment and ultrafiltration system.

³ Tolling refers to the stopping of the running of a time period, especially a time period set by a statute of limitations. In this case, it refers to the case that the April 11, 2021, deadline is not applicable until such time that the US EPA makes a judgement on the Part A Demonstration.

Dated August 14, 2023

Item No. 33
Attachment 1
Page 4 of 9



Bill Mast Kentucky Power and Wheeling Power Companies March 23, 2022 Page 4

The following key documents were relied upon during Burns & McDonnell's review of the Mitchell project scope.

Table 1: Key AEP Documents provided for review

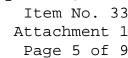
Document Number	Date	Description
ML-BAP- SIAlternateCapacityInfeasibleNotice- 11302020	11/30/2020	Demonstration Request to Develop Alternative Disposal Capacity for the Bottom Ash Pond CCR Management Unit
MLP-00-0-910-E0-DB-001 Rev B	3/12/2020	Design Basis
MLP-PR-0-180-EC-SK002-002 Rev B	3/11/2020	Site Development Sketches – Sequence of Closure and Construction of Ponds
MLP-PR-0-180-EC-SK002-003 Rev B	3/11/2020	Site Development Sketch – Pond Sections and Details ⁴
MLP-PR-0-600-EN-LI-001 Rev B	3/11/2020	Water Balance and Ponds Enhancement
MLP-BA-0-492-EM-SK305-001 Rev B	3/11/2020	Bottom Ash Conversion Flow Diagram ⁵
WV0005304	8/25/2021	Draft Discharge Permit

Based on our review of the Part A demonstration prepared by AEP and submitted to EPA on November 30, 2020, the CCR surface impoundments must cease receipt of the wastestreams outlined in Table 2 prior to retrofitting or closing. Alternately, these flows could be managed during construction of alternate disposal capacity through additional treatment and appropriate construction sequencing of pond modifications in compliance with applicable regulations.

⁴ AEP clarified the 3" concrete revetment indicated in the typical liner detail was not included in the final project scope and will not be installed in the wastewater pond(s).

⁵ This drawing package shows that the bunker sump returns flow to the existing boiler sump; however, AEP has confirmed that this flow is pumped to the cooling tower basin as described in the Part A Demonstration.

Dated August 14, 2023





Bill Mast Kentucky Power and Wheeling Power Companies March 23, 2022 Page 5

Table 2: Mitchell Plant CCR and Non-CCR Wastestreams

Wastestream	Flow Rate (gallons per day)
Bottom Ash Transport Water	1,000,000
Fly Ash Silo Sumps & Landfill Leachate	109,000
Chloride Purge System	730,000
Cooling Tower Blowdown	1,590,000
U1 & U2 ESP Sumps	140,000
U1 & U2 WW Sumps	3,800,000
Pyrite Sluice Water	860,000
Non-chemical metal cleaning wash	430,000 (intermittent, twice per year)
Metal Cleaning Waste	45,000 (intermittent, over 10 days every ~18 months)
Gypsum Building Sump	Intermittent
Transfer House 6/7 Sump	Intermittent

Based on AEP's review of the CCR and ELG regulations, the following alternative disposal capacity was selected and subsequently AEP engaged Worley Parsons to provide engineering, design, and procurement services to support:

Dry Bottom Ash Handling System

Commission Staff's Second Set of Data Requests

Dated August 14, 2023



Bill Mast Kentucky Power and Wheeling Power Companies March 23, 2022 Page 6

- Installation of an under hopper drag chain conveyor (UHDC) system and associated equipment to collect and dewater bottom ash from Unit 1 and Unit 2⁶.
- Installation of a common transfer conveyor and ash bunker for Units 1 and 2 to collect and temporarily store CCR material from the UHDC.
- o Installation of a sump at the ash bunker to collect stormwater and excess quench water and return flow to the cooling tower basin.
- Material from the ash bunker will either be hauled to the Mitchell landfill for disposal or beneficially reused.
- Piping modifications for continued operation of the cooling tower blowdown system once ash sluicing ceases.
- Bottom Ash Pond Closure by Removal
 - All CCR material, including the existing liner system and one foot of overexcavated material within the existing BAP will be removed via dewatering and mechanical excavation. All CCR material will either be hauled to the Mitchell CCR landfill for disposal or beneficially reused.
 - A third-party engineer will certify the removal of CCR upon completion (in accordance with 40 CFR 257.102(c)). Certification will be performed in phases across the BAP.
 - After certification of removal of all CCR within a given area of the existing BAP, construction of the new lined non-CCR wastewater pond (WWP) will proceed.
- New Non-CCR WWP

 New (4-acre) lined East WWP constructed within the eastern footprint of the existing BAP to treat non-CCR wastestreams generated at the plant.

⁶ No modifications to the pyrites system are expected at Mitchell since pyrites are already sluiced to the boiler hoppers.

Dated August 14, 2023



Bill Mast Kentucky Power and Wheeling Power Companies March 23, 2022 Page 7

- AEP must complete closure by removal prior to constructing a new impoundment within the BAP footprint, which requires confirmation that Appendix IV constituents remain below groundwater protection standards. Based on conversations with AEP, the site is in assessment monitoring (at the time of this letter) but has not yet triggered corrective action; therefore, closure by removal should be completed at Mitchell once the CCR material has been removed and the adjacent soils are decontaminated.
- Design groundwater level at ~630 (normally 622-625), ponds excavated to ~656.
- Typical liner section includes a double membrane liner with leak detection system.
- New (3-acre) lined West WWP constructed within the western footprint of the existing BAP to receive effluent from the East WWP. The West WWP will discharge to the existing Clearwater Pond, which in turn will continue to discharge to the Ohio River through NPDES Permit WV No. WV0005304 Outlet 001.
- Installation of tank-based chemical treatment system with appropriate retention time to provide proper mixing of chemicals to meet plant discharge requirements for Outlet 001 once the pond chemistry changes because of the pond modifications⁷/dry ash handling conversion.
- FGD wastewater treatment system Discharge from existing Phys/Chem system will be routed to new systems designed for ELG compliance:
 - Bioreactor

CCR wastewater basins.

⁷ Note the treatment systems are installed at the beginning of the pond construction sequence to allow for continued receipt of wastestreams (and adequate treatment of flows) while portions of the pond system are removed from service to support closure required by the CCR Rule and construction of the new non-

Commission Staff's Second Set of Data Requests

Dated August 14, 2023 Item No. 33

Attachment 1 Page 8 of 9



Bill Mast Kentucky Power and Wheeling Power Companies March 23, 2022 Page 8

- o Pressure Ultrafiltration System
- Landfill leachate will be rerouted to the new FGD wastewater treatment system, and the draft permit reflects this in the permit limits at Outlet 201. AEP has indicated that relocating this leachate to the new treatment system avoided the addition of mercury and selenium discharge limits at Outlet 001.

Mitchell Scope Analysis

Within their Demonstration submitted for compliance with 40 CFR 257.103(f)(1), AEP has documented that an ash handling conversion is necessary for compliance with both the CCR and ELG Rules at Mitchell. The compliance schedules for a composite liner retrofit project (CCR compliance only) and a dry ash handling conversion (CCR and ELG compliant solution) are similar for this site (see Table 3 on pages 7 and 8 of the submitted Demonstration).

Since the Mitchell BAP is an eligible, unlined CCR surface impoundment meeting the necessary location restrictions and not currently impacting groundwater, a CCR-only compliance solution would have required a composite liner retrofit involving the following scope (from 40 CFR 257.102(k)):

- Remove all CCR, including any contaminated soils and sediments
- Install a composite liner, or alternative composite liner system
- Continue all other CCR compliance efforts, including corrective action (if triggered in future groundwater evaluations)

These retrofit steps are very similar to the impoundment closure and liner steps associated with repurposing the bottom ash pond complex as a non-CCR unit. Had a slightly different liner system been installed, the plant could conceivably still sluice to the BAP and comply with the CCR Rule. The conversion to dry ash handling would not have been required for CCR compliance alone at Mitchell but this is the selected solution for ELG compliance at the site. The bunker associated with the dry ash conversion is required to avoid the new stackout pile from being regulated as a CCR pile under the CCR Rule; however, this bunker would not have been required for the CCR-only compliance effort associated with a composite liner retrofit.

Based on our review of the project scope, and the prior discussions of CCR and ELG compliance, it is our opinion that the Mitchell scope items (and associated capital, operations, and maintenance costs) fall under each of the regulations as described in Table 3.

Dated August 14, 2023

Item No. 33
Attachment 1
Page 9 of 9



Bill Mast Kentucky Power and Wheeling Power Companies March 23, 2022 Page 9

Table 3: Mitchell CCR and ELG Scope Split

CCR Compliance	Post-2028 Operation/ELG Compliance			
Removing ash (and any underlying impacted soils) from Bottom Ash Pond	Modifications to the bottom ash handling systems including installation of submerged grind conveyor systems, transfer conveyor, and new ash bunker/sump			
Construct new lined wastewater ponds in place of the existing Bottom Ash Pond (similar to what would have been required for a composite liner retrofit under a CCR-only compliance option)	Installation of new FGD wastewater treatment equipment (Biological Treatment System with Ultrafiltration)			
Installing a chemical treatment system for non-CCR wastewater streams to meet permitted discharge limits during/after pond repurposing	Leachate treatment within new biological treatment system (comingled with FGD wastewater)			
Leachate piping modifications to relocate this flow away from Outlet 001 and avoid selenium and mercury limits for the new pond system.				

Please reach out if you have additional questions or would like to discuss this matter further.

Sincerely,

Jason Eichenberger, PE*
Associate Civil Engineer

*Licensed in KS, LA, and MI

cc: Kathy Milenkovski, AEP Legal
Mike Roush, PE Burns & McDonnell
Mark Rokoff, PE Burns & McDonnell

DATA REQUEST

KPSC 2_34 Refer to the Kerns Direct Testimony, page 20, Figure TCK-4. Provide an update to FigureTCK-4 showing the annual data from 2016-2022 and monthly data for November 2021-March 2023.

RESPONSE

Please see KPCO_R_KPSC_2_34_Attachment1 for an update to Figure TCK-4 showing the annual data from 2016-2022.

Please see KPCO_R_KPSC_2_34_Attachment2 for NCF monthly data for November 2021-March 2023.

Please see KPCO_R_KPSC_2_34_Attachment3 for EAF monthly data for November 2021 – March 2023.

Witness: Timothy C. Kerns

DATA REQUEST

KPSC 2_35 Refer to the Direct Testimony of Alex E. Vaughan (Vaughan Direct Testimony), page 18. Explain how Kentucky Power measures PJM Interconnection LLC's (PJM) spot energy market volatility.

RESPONSE

Day Ahead market volatility is measured by the frequency and magnitude of price movements, up or down, over time. The "Historical Hourly AD Hub Day-ahead LMP" graph in Figure AEV-7 illustrates the daily market volatility between January 1, 2021, and March 1, 2023.

DATA REQUEST

KPSC 2_36 Refer to the Vaughan Direct Testimony, page 18. Confirm that the financial hedges do not entail the actual purchase of energy, that they are strictly financial in nature. If this cannot be confirmed, explain.

RESPONSE

Confirmed. All forward energy contracts purchased under the proposed hedging plan would be financial in nature and settled financially.

DATA REQUEST

KPSC 2_37 Refer to the Vaughan Direct Testimony, page 19. Explain when the PJM AD Hub may not be sufficiently liquid to purchase forward contracts and how often in the last three years market liquidity has been an issue.

RESPONSE

This would be the case if/when there are not enough sellers willing to transact at the AD Hub in quantities sufficient to cover all requested purchase volumes at a point in time or over the requested period.

DATA REQUEST

KPSC 2 38 Refer to the Vaughan Direct Testimony, page 20.

- a. The Target Hedge Position indicates that any number of hours could be included in the position. Explain how Kentucky Power decides how many hours to include (hedge) in purchasing a forward hedge contract.
- b. Explain the different types of forward hedging contracts that are available and anticipated to be used by Kentucky Power.

RESPONSE

- a. The number of hours in the hedge period corresponds to the number of hours in the Hedge Interval. For example, for Interval 1 (36-months prior to flow), the number of hours used would be calculated as follows: 36 months divided by 12 (months in a year) times 8,760 (hours per year), or 26,280 hours. An additional 24 hours will be added to intervals that include February 29th during a leap year.
- b. Fixed-for-floating price swaps where the Company contracts at a fixed price and will receive an unknown/variable price at the time of liquidation, also known as contracts for differences, will be used.

DATA REQUEST

KPSC 2 39 Refer to the Vaughan Direct Testimony, page 20, Figure AEV-5.

- a. Explain the rational for hedging 18 and 36 months out when maintenance outages are scheduled a year in advance.
- b. Explain the scenarios where 18 and 36 months out, Kentucky Power would need to secure a future energy contract.
- c. For each Hedge Interval, explain whether Kentucky Power intends to secure forward energy contracts in all months of the year, the anticipated target hours within each month and day.
- d. For Hedging Interval 3, explain whether the 100 percent target hedge means that Kentucky Power intends to hedge 100 percent of the target hedge position for number of hours in the hedge period.

RESPONSE

- a. The Company's financial power hedging proposal was designed to reduce its Open Energy Position, which exposes customers to the Day Ahead energy market, not specifically to hedge maintenance outages. An Open Energy Position occurs when the weather normalized retail load is greater than the forecasted generation from the Big Sandy and Mitchell generating plants, based on the fuel purchased to run the plants. The Interval Hedge Percent formula, explained in witness Vaughan's testimony on page 19 beginning on line 15, is used to calculate the amount of the Company's Open Energy Position, less one standard deviation of load, that is hedged. During the first two intervals, at eighteen and thirty-six months, the Big Sandy and Mitchell plants should provide enough generation to keep the Interval Hedge Percent above the Target Hedge Percent; however, when the Interval Hedge Percent is less than the Target Hedge Percent future energy contracts would be purchased to cover the Open Energy Position.
- b. As explained in Company Witness Vaughan's Direct Testimony on page 19 beginning on line 15, Kentucky Power plans to only hedge periods of time for which the Interval Hedge Percent is less than the Target Hedge Percent shown in Figure AEV-5.
- c. The Company will evaluate the Interval Hedge Percent by calendar month, with each month broken into two pieces—peak and off-peak. Within a month, peak periods are

Monday through Friday hour beginning 7AM through hour beginning 10PM, excluding NERC holidays. All other hours are off-peak. The peak and off-peak breakdown by calendar month aligns the Company's energy needs with financial products available in the marketplace.

The Company generally does not plan to target specific days or hours within any month.

d. For Interval 3, the Company intends to hedge 100% of weather normalized forecasted load MWhs less one standard deviation of load, as captured by the formula on witness Vaughan's testimony on page 20 starting on line 1. Forward energy contracts will only be purchased if MWhs from the Company's generation resources (Big Sandy and Mitchell Plant) result in an Interval Hedge Percent less than the 100% Target Hedge Percent. As described previously, this calculation will be performed at the monthly level for peak and off-peak periods.

DATA REQUEST

KPSC 2 40 Refer to the Vaughan Direct Testimony, page 23.

- a. Explain how the forecasted generation MWh and forecasted load will be calculated for each hedge interval and whether these forecasts are weather normalized.
- b. Explain what periods other than scheduled maintenance outages Kentucky Power anticipates entering into forward contracts.
- c. If the purpose of the hedging plan is to insulate customers from volatile energy prices, explain how Kentucky Power forecasts volatile or excessively volatile energy prices.

RESPONSE

- a. The forecasted generation MWhs will be calculated using projections of each generation resource's MWh output using factors of forward market price, fuel cost, and unit availability and other unit characteristics. Load forecasts are weather normalized. Both generation and load forecasts will be aggregated and evaluated at the monthly peak and off-peak levels, as previously described in the response to question 39 b. The Company reviews and updates forecasts regularly.
- b. For each hedge interval where the Open Energy Position less one standard deviation of load is less than the Target Hedge Percent in Figure AEV-5, the Company will purchase forward energy contracts to hedge its Open Energy Position up to the Target Hedge Percent.
- c. The Company does not forecast the volatility of energy prices. The Company intends to avoid the volatility and mitigate the price risk of serving Company load by spreading the market price risk over time. This approach of purchasing fuel and forward energy contracts at regular intervals (as illustrated in Vaughan Figure AEV-5) is a form of dollar cost averaging that reduces market risk by not attempting to "time" the market's ups and downs.

DATA REQUEST

KPSC 2_41 Refer to the Vaughan Direct Testimony, page 22, Figure AEV-6. Explain whether the Day-Ahead Settle Price row represents the exact day six months in advance of the purchase date. If not, explain how the Day-Ahead Settle Price relates to the purchase date.

RESPONSE

In Figure AEV-6, the Day-Ahead Settle Price row represents the average of PJM's day-ahead prices at AEP-Dayton Hub across all hours of the period shown at the top of the column. For example, in column 21Q4, the Day-Ahead settle price of AEP-Dayton Hub for all hours within 10/1/2021 to 12/31/2021 was \$51.88/MWh. These actual hourly prices are published daily by PJM and shown here averaged for the historical period.

In this simplified illustration, without the hedging plan the Company would have paid \$51.88/MWh for unhedged MWhs in the fourth quarter of 2021. In other words, this is the average "spot" price for energy in 21Q4. By way of further illustration, if the Company could have purchased "Interval 3" MWhs six months in advance on 4/1/2021, it might have paid \$26.66/MWh. This was the average quoted forward price for 10/1/2021 to 12/31/2021 on that date. With the hedging plan in place, this could have resulted in a credit to fuel of \$25.22/MWh for the forward energy contracts purchased.

It is important to reiterate that Figure AEV-6 illustrates the possible impacts a hedging plan may have had on fuel costs using a comparison of actual settled and quoted forward prices. Figure AEV-6 quantifies the concepts using a simplified quarterly presentation of these prices. As previously described in these responses, this hedging activity will be evaluated and performed at the monthly level for peak and off-peak periods. Finally, as written in Vaughan – 23 beginning line 6, "the goal of the proposed hedging plan is not to reduce customer's fuel costs over time; rather, it is to reduce their exposure to the volatility of the PJM spot energy market…"

DATA REQUEST

KPSC 2 42 Refer to the Vaughan Direct Testimony, page 23.

- a. Explain whether any other AEP East regulated entity engages in energy price hedging. If so, explain any differences between each of those plans and the proposed plan in this proceeding.
- b. If other AEP East entities do engage in energy price hedging, explain whether reports are made to the respective regulatory commissions and if so, provide a copy of those reports for the last two years. Provide how often those reports are made to the respective regulatory commissions.

RESPONSE

- a. Yes. All of the AEP East regulated utilities are being evaluated in the same manner. The various retail jurisdictions have differing rules and requirements concerning purchased power, the Company's filed plan addresses those specific to Kentucky.
- b. All power supply information is included in the planned (mostly annual) fuel filings in the various retail jurisdictions. West Virginia requires monthly informational filings but they are not specific to financial power hedging. There is currently no extra reporting related specifically to energy price hedging.

DATA REQUEST

KPSC 2 43 Refer to the Vaughan Direct Testimony, page 25, lines 3–11.

- a. For an hourly energy purchase that occurs during the same period as a hedge interval, explain how the Peaking Unit Equivalent (PUE) Fuel Adjustment Clause (FAC) limitation will reflect the transaction.
- b. Explain the anticipated cost of the hedging program and how these will be reflected in the FAC.

RESPONSE

- a. The Company's recovery proposal is that the PUE FAC limitation will not apply to hedge transactions or the same volume of physical purchases they are hedging in that hour.
- b. The Company does not have the ability to predict future LMPs, therefore it is unknown what the cost of the hedging program would be relative to the purchase power expense the Company would have experienced absent the hedging program. This is because the net of the hedge cost and the actual LMP at the time of liquidation could be positive or negative (gains or losses). Please refer to Company witness Vaughan's direct testimony at page 25, beginning at line 1 for the Company's proposed recovery treatment through the FAC.

DATA REQUEST

KPSC 2_44 Refer to the Vaughan Direct Testimony, page 33. Explain why Kentucky Power did not propose a tariff revision reflecting the low-income benefit option of the solar garden program.

RESPONSE

The lack of proposed tariff language for the low-income benefit option was an oversight. Please also see the Company's response to KPSC 2-45.

DATA REQUEST

KPSC 2_45 Refer to the Vaughan Direct Testimony, page 34. Explain what component of Tariff P.P.A. the proposed 50 percent of energy benefits from the solar garden program being credited to low-income customers would be recovered through in Tariff P.P.A.

RESPONSE

The Company proposes to reflect the low-income customer credit through a new low-income credit billing line item. This approach will be more transparent and easier for customers to understand than reflecting the credit through Tariff P.P.A. would be. Subject to Commission approval of the Company's proposed solar garden program, the Company will reflect the new credit billing line item in its compliance tariff filing made after the Commission's final order in this case.

DATA REQUEST

KPSC 2_46 Refer to the Direct Testimony of Adrien M. McKenzie (McKenzie Direct Testimony), generally. Provide an electronic copy of all return on equity (ROE) work papers in Excel format with all formulas, columns, and rows intact and fully accessible.

RESPONSE

Please see KPCO_R_KPCO_2_1_Attachment54_McKenzieWP54 for the requested information. Please also see KPCO_R_KPCO_2_1_Attachments 52 and 53 for the non-Excel related workpapers used by Company witness McKenzie.

DATA REQUEST

- **KPSC 2_47** Refer to the McKenzie Direct Testimony, page 4. Kentucky Power states that it is "warranted" to ask for a 10.60 percent ROE.
 - a. Explain what Kentucky Power means by "warranted."
 - b. Explain how Kentucky Power decided to propose a 9.90 percent ROE considering the range of reasonableness was 10.40 percent to 10.90 percent ROE.
 - c. Explain why Kentucky Power proposed an ROE that is 70 basis points lower than what is supported by testimony.

RESPONSE

- a. Mr. McKenzie's use of the word "warranted" is synonymous with "justified." Mr. McKenzie concludes that an ROE of 10.6% is fair and reasonable and supported by the evidence presented in his direct testimony.
- b.-c. Mr. McKenzie did not recommend an ROE range of reasonableness of 10.4% to 10.9%. As noted on page 9 of Mr. McKenzie's direct testimony, his recommended range is 10.0% to 11.0%, or 10.1% to 11.1% after accounting for flotation costs. As explained in the Direct Testimony of Company Witness Wiseman, Kentucky Power management made the decision to propose an ROE outside the range provided by Mr. McKenzie as a way to mitigate its rate increase to the benefit of its customers. As Company Witness Wiseman in her Direct Testimony notes, the Company is acutely aware of the socioeconomic challenges in a large portion of its service territory. Additionally, portions of the Company's service territory were impacted and residents displaced as a result of devastating flooding. Understanding these factors, the Company evaluated ways to help offset the potential rate increase, which ultimately led to the proposals highlighted in Company Witness Wiseman's Direct Testimony starting on page 18 through 21, including the decision to propose a ROE outside of Mr. McKenzie's range.

Witness: Adrien M. McKenzie (subpart a.)

Witness: Cynthia G. Wiseman (subpart b.-c.)

DATA REQUEST

KPSC 2_48 Refer to the McKenzie Direct Testimony, page 4. Explain whether the Commission has denied Kentucky Power recovery of federally mandated environmental compliance expenditures. If not, explain whether the recovery of such expenditures reduces the risks associated with heightened capital expenditure programs.

RESPONSE

Mr. McKenzie is not aware of the Commission denying Kentucky Power recovery of federally mandated environmental compliance expenditures. Mr. McKenzie's analysis accounts for the risks associated with recovery mechanisms applicable to such costs in regulatory proceedings.

Investors would regard the ability to recover federally mandated environmental compliance expenditures as supportive of a utility's financial integrity, however the risk-mitigating impact of regulatory mechanisms are considered in the rating agencies evaluation of credit ratings. As indicated at page 25 of Mr. McKenzie's Direct Testimony, Kentucky Power's ratings indicate greater risk than the industry average, with Moody's ranking Kentucky Power's credit standing at the bottom of the range for other vertically integrated operating companies. In addition, as Mr. McKenzie discusses at pages 28-30, the relevant question with respect to regulatory mechanisms is how Kentucky Power compares with the proxy group. As Mr. McKenzie points out, the mechanisms in place for Kentucky Power are more limited than those approved for other firms in the industry and Moody's observed that Kentucky Power remains exposed to elevated carbon transition risks despite benefiting from environment recovery riders.

DATA REQUEST

KPSC 2_49 Refer to the McKenzie Direct Testimony, page 7. Provide an explanation for the concepts of "financial strength," "financial integrity," and "financial flexibility" as they apply to Kentucky Power rather than the entire regulatory industry.

RESPONSE

The explanation provided on 7:4-17 of Mr. McKenzie's Direct Testimony applies equally to Kentucky Power.

DATA REQUEST

KPSC 2_50 Refer to the McKenzie Direct Testimony, page 9. Provide a list of all current authorized ROE for each of the AEP operating companies, the effective date of the ROE, and whether the ROE was the result of a settlement or fully litigated rate case.

RESPONSE

AEP Operating Company	Current Authorized ROE	Effective Date	Result of a Settlement or Fully Litigated
Appalachian Power Company- Virginia	9.2%	10/1/2022	Fully Litigated
Appalachian Power Company- West Virginia	9.75%	3/6/2019	Settled
Kingsport Power Company	9.5%	8/8/2022	Settled
Indiana Michigan Power Company- Indiana	9.7%	2/23/2022	Settled
Indiana Michigan Power Company- Michigan	9.86%	2/1/2020	Settled
Public Service Company of Oklahoma	9.4%	2/1/2022	Settled
Southwestern Electric Power Company- Louisiana	9.5%	1/31/2023	Settled
Southwestern Electric Power Company- Arkansas	9.5%	7/1/2022	Fully Litigated
Southwestern Electric Power Company- Texas	9.25%	3/18/2021	Fully Litigated
AEP Ohio	9.7%	12/1/2021	Settled
AEP Texas	9.4%	5/29/2020	Settled

DATA REQUEST

- **KPSC 2 51** Refer to the McKenzie Direct Testimony, page 10.
 - a. Explain the changes in Kentucky Power's capital structure since the last rate proceeding.
 - b. Explain whether Kentucky Power is trying to maintain or improve its current credit rating. If trying to improve, explain the actions taken.
 - c. Provide a common equity ratio with a hypothetical 10.60 ROE.

RESPONSE

- a. Refer to Messner Direct Testimony, page 5. The amount of debt in Kentucky Power's capital structure has increased since the last rate proceeding relative to the amount of equity resulting in an equity ratio that is lower than the last rate proceeding.
- b. The Company is trying to maintain its current credit rating at minimum and would like to improve if possible as the current credit rating is in the lower end of the investment grade rating category. Actions being taken include filing this rate case to support improving the financial condition of Kentucky Power.
- c. The common equity ratio with the hypothetical 10.60% ROE would not change as the amount of equity is not changing using a 10.60% ROE, only the cost rate applied to the common equity ratio. It would, however, change the weighted average cost of capital from 6.93% to 7.22%. The following two schedules show the weighted average cost of capital calculation using the 9.90% ROE proposed in this case and supported by Company Witness Wiseman and the 10.6% ROE in this discovery request.

KENTUCKY POWER COMPANY COST OF CAPITAL TEST YEAR ENDED MARCH 31, 2023 SECTION V WORKPAPER S-2 PAGE 1 OF 3

Line <u>No.</u> (1)	Description (2)	Reapportioned Kentucky Jurisdictional <u>Capital 1/</u> (3)	Percentage of <u>Total</u> (4)	Annual Cost Percentage <u>Rate</u> (5)		Weighted Average Cost Percent (6) = (4) X (5)
1	Long Term Debt	\$962,401,699	53.10%	4.910%	2/	2.61%
2	Short Term Debt	\$95,743,648	5.28%	3.730%	3/	0.20%
3	Common Equity	\$754,394,228	41.62%	9.90%	4/	4.12%
4	Total	\$1,812,539,575 =======	100.00%			6.93%

- 1/ Schedule 3, Column 15, Lines 1, 2, 3 & 4
- 2/ Per workpaper S-3, Pg 1, Ln 16, Col 14
- 3/ Per workpaper S-3, Pg 2, Ln 16
- 4/ Per Recommendation of Company Witness Wiseman

		KENTUCKY POWER COMPANY COST OF CAPITAL TEST YEAR ENDED MARCH 31, 2023			W	SECTION V ORKPAPER S-2 PAGE 1 OF 3
Line <u>No.</u> (1)	Description (2)	Reapportioned Kentucky Jurisdictional Capital 1/ (3)	Percentage of <u>Total</u> (4)	Annual Cost Percentage <u>Rate</u> (5)		Weighted Average Cost Percent (6) = (4) X (5)
1	Long Term Debt	\$962,401,699	53.10%	4.910%	2/	2.61%
2	Short Term Debt	\$95,743,648	5.28%	3.730%	3/	0.20%
3	Common Equity	\$754,394,228	41.62%	10.60%	4/	4.41%
4	Total	\$1,812,539,575 =======	100.00%			7.22%

- 1/ Schedule 3, Column 15, Lines 1, 2, 3 & 4
- 2/ Per workpaper S-3, Pg 1, Ln 16, Col 14
- 3/ Per workpaper S-3, Pg 2, Ln 16

Witness: Brian K. West Witness: Franz D. Messner

DATA REQUEST

- **KPSC 2 52** Refer to the McKenzie Direct Testimony, page 13.
 - a. Provide the Moody's Investor Services (Moody's) issuer rating analysis that supports the Baa3 investment rating.
 - b. Provide the Standard & Poor's (S&P) analysis or supporting documentation where S&P downgraded Kentucky Power's corporate credit rating.
 - c. Provide the Fitch Rating, Inc. (Fitch) analysis or supporting documentation for Kentucky Power's BBB issuer default rating.

RESPONSE

- a. Please refer to KPCO_R_KPSC_2_1_Attachment53_McKenzieWPs36-53, pages 324 through 332 for the requested information.
- b. Please refer to KPCO_R_KPSC_2_1_Attachment53_McKenzieWPs36-53, pages 130 through 146 for the requested information.
- c. Confirmation of Kentucky Power's BBB issuer default rating is publicly available at https://www.fitchratings.com/search/?query=kentucky%20power.

DATA REQUEST

KPSC 2_53 Refer to the McKenzie Direct Testimony, page 15. Explain the changes in the Federal Reserve's monetary policy that specifically increased market risk for Kentucky Power.

RESPONSE

Mr. McKenzie's Direct Testimony at page 15 does not assert that changes in the Federal Reserve's monetary policies specifically increased "market risk" for Kentucky Power.

DATA REQUEST

KPSC 2_54 Refer to the McKenzie Direct Testimony, page 21. Explain the circumstances when AEP would provide additional equity capital to Kentucky Power.

RESPONSE

In instances where a large capital project is developed or acquired, AEP may provide additional equity capital to maintain the operating company's capital structure. Refer to Messner Direct Testimony, page 5. The Company has made no dividend payments (return of equity) since the last base rate case in 2020.

Witness: Brian K. West

Witness: Franz D. Messner

DATA REQUEST

- **KPSC 2_55** Refer to the McKenzie Direct Testimony, Exhibit AMM-2 and Exhibit AMM-11.
 - a. Provide each of the Value Line Investment Survey company profile sheets supporting the ROE analyses.
 - b. Explain how a floatation cost adjustment is realistic and is relevant in calculating an ROE.

RESPONSE

- a. Please refer to KPCO_R_KPSC_2_1_Attachment53_McKenzieWPs1-35, pages 117 through 152 for the requested information.
- b. Please refer to Mr. McKenzie's Direct Testimony at pages 58-63.

DATA REQUEST

- KPSC 2_56 Refer to the McKenzie Direct Testimony, Exhibit AMM-2 through Exhibit AMM-8. Exhibit AMM-4, page 2 of 3 is missing Avista Corp. (Avista) but includes Evergy, Inc. (Evergy). Avista is included in the other Exhibits and Evergy is included on Exhibit AMM-4, page 2 of 3.
 - a. Explain whether Evergy was intended to be included in the other Exhibits and, if so, provide an update to the DCF and CAPM calculations.
 - b. If Evergy is not intended to be included in the proxy group, explain why it should be rejected.

RESPONSE

a.-b. Page 2 of Exhibit AMM-4 is incorrect. Avista Corp. should be included and Evergy, Inc. should not be included. Evergy, Inc. does not meet the credit rating screening criteria described at page 22 of Mr. McKenzie's Direct Testimony. A corrected version of pages 2 and 3 of Exhibit AMM-4 is attached as KPCO_R_KPSC_2_56_Attachment1. As shown there, this resulted in an increase to the average equity ratio from 51.3% to 51.5%, with the range being 40.1% to 60.9%. This correction does not alter the conclusions of Mr. McKenzie's overall analysis.

CAPITAL STRUCTURE

Exhibit AMM-4 (CORRECTED) Page 2 of 3

UTILITY GROUP OPERATING COS.

		At Year-End 2022 (a)		
				Common
	Operating Company	Debt	Preferred	Equity
1	AVISTA CORP.			
	Avista Corp.	49.3%	0.0%	50.7%
	Alaska Electric Light & Power	39.1%	0.0%	60.9%
2	BLACK HILLS CORP.			
	Black Hills Power	49.9%	0.0%	50.1%
	Cheyenne Light Fuel & Power	57.2%	0.0%	42.8%
	Black Hills/Colorado Electric Utility Co	52.1%	0.0%	47.9%
3	CENTERPOINT ENERGY			
	Centerpoint Energy Houston Electric	56.0%	0.0%	44.0%
4	CMS ENERGY			
	Consumers Energy Co.	50.2%	0.2%	49.6%
5	DOMINION ENERGY			
	Virginia Electric & Power	48.4%	0.0%	51.6%
	Dominion Energy South Carolina	45.2%	0.0%	54.8%
6	DTE ENERGY CO.			
	DTE Electric Co.	50.0%	0.0%	50.0%
7	DUKE ENERGY			
	Duke Energy Carolinas	48.0%	0.0%	52.0%
	Duke Energy Florida	51.8%	0.0%	48.2%
	Duke Energy Indiana	47.8%	0.0%	52.2%
	Duke Energy Ohio	40.5%	0.0%	59.5%
	Duke Energy Progress	51.8%	0.0%	48.2%
	Duke Energy Kentucky	47.0%	0.0%	53.0%
8	EDISON INTERNATIONAL			
	Southern California Edison Co.	55.8%	4.1%	40.1%
9	EMERA INC.			
	Tampa Electric Co.	41.9%	0.0%	58.1%
10	ENTERGY CORP.			
	Entergy Arkansas Inc.	52.4%	0.0%	47.6%
	Entergy Louisiana LLC	53.0%	0.0%	47.0%
	Entergy Mississippi Inc.	53.3%	0.0%	46.7%
	Entergy New Orleans Inc.	52.4%	0.0%	47.6%
	Entergy Texas Inc.	51.9%	0.7%	47.4%
11	EXELON CORP.			
	Delmarva Power and Light	49.8%	0.0%	50.2%
	Baltimore Gas & Electric Co.	46.0%	0.0%	54.0%
	Commonweath Edison Co.	44.5%	0.0%	55.5%
	PECO Energy Co.	46.3%	0.0%	53.7%
	Potomac Electric Power Co.	49.8%	0.0%	50.2%
	Atlantic City Electric Co.	50.1%	0.0%	49.9%

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item 56
Attachment 1
Page 2 of 2

CAPITAL STRUCTURE

Exhibit AMM-4 (CORRECTED) Page 3 of 3

UTILITY GROUP OPERATING COS.

		At Y	At Year-End 2022 (a)		
				Common	
	Operating Company	Debt	Preferred	Equity	
12	HAWAIIAN ELEC.				
	Hawaiian Electric Co.	41.5%	0.8%	57.7%	
13	IDACORP				
	Idaho Power Co.	45.5%	0.0%	54.5%	
14	NORTHWESTERN CORP.				
	NorthWestern Corporation	49.7%	0.0%	50.3%	
15	OTTER TAIL CORP.				
	Otter Tail Power Co.	45.1%	0.0%	54.9%	
16	PUB SV ENTERPRISE GRP				
	Pub Service Electric & Gas Co.	44.7%	0.0%	55.3%	
17	SEMPRA ENERGY				
	San Diego Gas & Electric	49.8%	0.0%	50.2%	
	Oncor Electric Delivery	43.3%	0.0%	56.7%	
18	SOUTHERN CO.				
	Alabama Power Co.	47.6%	0.0%	52.4%	
	Georgia Power Co.	44.2%	0.0%	55.8%	
	Mississippi Power Co.	44.4%	0.0%	55.6%	
	Minimum	39.1%	0.0%	40.1%	
	Maximum	57.2%	4.1%	60.9%	
	Average	48.4%	0.2%	51.5%	

DATA REQUEST

KPSC 2 57 Refer to the McKenzie Testimony, Exhibit AMM-5.

- a. Explain why it is reasonable and appropriate to exclude values when calculating the ROE.
- b. Provide a DCF calculation without excluding any values that are included in the model.

RESPONSE

- a. As discussed in Mr. McKenzie's Direct Testimony at pages 44-45, when applying quantitative methods to estimate the cost of equity, it is essential that the resulting values pass fundamental tests of reasonableness and economic logic. This is consistent with FERC's determination that, "The purpose of the low-end outlier test is to eliminate from the proxy group companies with ROEs that are so low that they should not be considered in determining the low end of the zone of reasonableness." Similarly, FERC has also determined that ROE estimates that are illogically high should also be excluded. 169 FERC ¶ 61,129 (2019).
- b. Mr. McKenzie did not prepare the requested analysis in the course of preparing his direct testimony. Including outlier values would result in a biased estimate of the cost of equity. All of the information necessary to perform this calculation is included on page 3 of Exhibit AMM-5.

DATA REQUEST

KPSC 2_58 Refer to the McKenzie Direct Testimony, Exhibit AMM-5, Exhibit AMM-7 and Exhibit AMM-8. Explain why Exelon Corp. does not have earnings growth rate or beta values in Value Line.

RESPONSE

Value Line does not indicate the reason as to why it does not report an earnings per share ("EPS") growth rate or beta value for Exelon. In Mr. McKenzie's opinion, this is related to the fact that Exelon Corp. completed a major restructuring of its operations in 2022 through the spin-off of its nonregulated power generating assets. Value Line's calculations of projected EPS growth rates and beta values rely in part on historical data. Because of the fundamental change in operations, historical data for Exelon Corp. would not be considered meaningful in evaluating expectations for its current regulated operations. As a result, Value Line is unlikely to publish an EPS growth rate projection or beta until such time as a set of comparative data is available.

DATA REQUEST

KPSC 2 59 Refer to the McKenzie Direct Testimony, Exhibits AMM-6 and AMM-7.

- a. Explain the rule that governs the size adjustment addition or subtraction.
- b. Explain why each utility has the same dividend yield, projected growth, and cost of equity.

RESPONSE

- a. Exhibit AMM-6 presents Mr. McKenzie's calculation of the br+sv growth rates used in the DCF model and does not incorporate a size adjustment, dividend yields, projected growth rates, or a cost of equity. The basis for the size adjustment used in Mr. McKenzie's application of the CAPM and ECAPM models is explained at page 49 of his testimony, with support for the individual size adjustments being provided as KPCO_R_KPSC_2_1_Attachment53_McKenzieWPs1-35, page 73. As indicated there, the size adjustments correspond to the deciles of the overall market, as determined based on market capitalization. The size adjustment specific to individual utilities in the proxy group are evaluated by reference to the size decile of the overall market corresponding to the market capitalization of each individual utility in the proxy group.
- b. Exhibit AMM-6 presents Mr. McKenzie's calculation of the br+sv growth rates used in the DCF model and does not incorporate a size adjustment, dividend yields, projected growth rates, or a cost of equity. The dividend yield and projected growth rate shown on Exhibits AMM-7 and AMM-8 are not related to the utilities in the proxy group. As explained in Mr. McKenzie's Direct Testimony at page 47, these values correspond to the dividend paying firms in the S&P 500, which serve as the basis for the forward-looking return on the market that is necessary to apply the CAPM and ECAPM models. This forward-looking market return is used as the basis for the market risk premium, which is then adjusted for the specific risks of each utility in the proxy group using published beta values from Value Line.

DATA REQUEST

KPSC 2 60 Refer to the McKenzie Direct Testimony, Exhibits AMM-7 and AMM-8.

- a. Explain whether Value Line data is derived from the New York Stock Exchange.
- b. Explain how the NYSE Index differs from the S&P 500 Index.

RESPONSE

- a. Exhibits AMM-7 and AMM-8 reference Value Line for data concerning the dividend yields for the dividend-paying stocks in the S&P 500, projected earnings growth rates for the dividend-paying stocks in the S&P 500, as well as beta values and market capitalization for the firms in Mr. McKenzie's proxy groups. The only statistic that considers data for the New York Stock Exchange is the respective beta values.
- b. The NYSE Composite is a stock market index covering the 2,000-plus common stocks listed on the New York Stock Exchange, with the weights of the index constituents being calculated on the basis of their respective market capitalization. The S&P 500 is also a market capitalization weighted index, however, the individual components consist of roughly 500 leading publicly traded companies in the United States. Given the influence of very large capitalization companies on both the NYSE Composite and the S&P 500, movements in the two indices are highly correlated.

DATA REQUEST

- **KPSC 2 61** Refer to the McKenzie Direct Testimony, Exhibits AMM-7 and AMM-8.
 - a. Provide an update to Exhibits AMM-7 and AMM-8 without eliminating any data points in the projected market growth estimation.
 - b. Update Exhibits AMM-7 and AMM-8 based on the NYSE index as a comparison to the S&P index derived calculations without eliminating any values.

RESPONSE

- a. Mr. McKenzie did not perform the requested calculations in the course of preparing his Direct Testimony. The data necessary to perform this calculation is included in the KPCO_R_KPSC_2_1_Attachment54_McKenzieWP54 supporting Mr. McKenzie's Direct Testimony.
- b. Mr. McKenzie did apply the CAPM or ECAPM analyses presented on Exhibits AMM-7 and AMM-8 using a market rate of return based on the NYSE Composite in the course of preparing his direct testimony.

DATA REQUEST

KPSC 2_62 Refer to the Direct Testimony of Franz Messner (Messner Direct Testimony), page 4, Figure FDM-1. Explain why Kentucky Power is not proposing accounts receivable financing as part of its capital structure.

RESPONSE

In compliance with the January 13, 2021 Order in Case No. 2020-00174, the Company calculated its proposed base rate revenue requirement utilizing a return on rate base and supported the calculation of the Cash Working Capital (CWC) component of rate base with a lead-lag study. Should the Company revise its lead-lag study to reflect factoring of receivables, the calculation of the CWC component of rate base could be updated to include the impact of accounts receivable financing on the revenue requirement. As a result, it would be duplicative to include accounts receivable financing as a part of the capital structure.

Witness: Brian K. West

Witness: Franz D. Messner

DATA REQUEST

- **KPSC 2_63** Refer to the Messner Direct Testimony, page 4, Figure FDM-1. Refer also to Application, Section V, Exhibit 1, Schedule 3, page 7.
 - a. In Kentucky Power's 2020 rate case, the Commission authorized a zero percent short term debt. Explain what has changed, in regard to the short-term debt specifically, from its previous rate case.
 - b. Provide a cost breakdown for the \$113,624,552 in short-term debt. Case No. 2020-00174, Electronic Application of Kentucky Power Company for (1) a General Adjustment of Its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; and (5) All Other Required Approvals and Relief (Ky. PSC Jan. 13, 2021), Order at 38.
 - c. Explain how Kentucky Power defines short-term debt. Include in the explanation how Kentucky Power determines the timing of debt.

RESPONSE

- a. In Kentucky Power's 2020 rate case the per books balance of short-term debt was approximately \$10.7 million. The Mitchell Coal Stock Adjustment removed this amount in determining the Reapportioned Kentucky Jurisdictional amount of short-term debt. In this rate case the per books balance of short-term debt was approximately \$113.6 million. The Mitchell Coal Stock Adjustment removed approximately \$16.5 million resulting in a Reapportioned Kentucky Jurisdictional amount of short-term debt.
- b. The amount of short-term debt at any given point in time is determined by many factors including level of capital investment, expenses, revenues, dividends, long-term debt issuances and maturities. The 3.730% cost rate used in the weighted average cost of capital calculation was determined by dividing the twelve months ending 3/31/2023 short-term debt interest expense by the twelve-month average short-term debt balance.
- c. The AEP Utility Money Pool is a portion of the Corporate Borrowing Program that is the short-term funding mechanism for the regulated utilities, including Kentucky Power. It is structured to meet the combined short-term cash management needs of those companies. The Utility Money Pool meets the short-term cash needs of its participants by providing for short-term borrowings from the Utility Money Pool by its participants and short-term investment of surplus funds by its participants. The invested or borrowed

position, at any given time, is mainly driven by the cash needs of Kentucky Power and its cash surplus/deficit at that time.

The amount of short-term debt or investment in the AEP Money Pool is determined by many factors including level of capital investment, expenses, revenues, dividends, long-term debt issuances and maturities. As short-term debt increases the Company terms out short-term debt by issuing long-term debt.

Witness: Franz D. Messner

DATA REQUEST

- **KPSC 2_64** Refer to the Messner Direct Testimony, page 4, Figure FDM-1. Refer also to Application, Section V, Exhibit 1, Schedule 3, page 7.
 - a. Explain why Kentucky Power is removing the Mitchell Coal Stock Adjustment of (\$16,521,461) from short-term debt.
 - b. Explain the primary method for how Kentucky Power issues short-term debt.
 - c. In Kentucky Power's 2020 rate case the Commission encouraged Kentucky Power to provide support that coal purchases are primarily financed through short-term debt in its next base rate case.3 Explain how Kentucky Power finances coal purchases through short-term debt. Include in the response any supporting documentation necessary.
 - d. Explain why attributing the coal stock adjustment to the long-term debt or capital components would be unreasonable.

RESPONSE

a. Please refer to the Direct Testimony of Company Witness Whitney, page 35, in which she states, "As discussed in the context of adjustments to rate base above, the coal inventory targets at the Mitchell Plant are separately developed for the low and high sulfur coal piles. The total adjustment (of both low and high sulfur coal), on a jurisdictional basis, is a reduction to capitalization of \$(16,290,160) based upon the March 31, 2023 value.

I have been advised that the AEP System Money Pool borrows large sums of money through the issuance of short-term commercial paper in order to meet the working capital needs of AEP System Money Pool members, including Kentucky Power. Variation of the Company's actual coal inventory balance from its target coal inventory balance is a component of the Company's working capital and as such is initially financed with short term debt; therefore, the adjustment to reduce coal inventory reflected in capitalization was applied to the short-term debt balance." The \$16,290,160 amount referenced in her testimony is the Reapportioned Kentucky Jurisdictional portion of the \$16,521,461 Mitchell Coal Stock Adjustment.

b. Kentucky Power's short-term borrowings from the AEP utility money pool are the only form of short-term debt/borrowings available to the Company. The AEP Utility Money

Pool is a portion of the Corporate Borrowing Program that is the short-term funding mechanism for the regulated utilities, including Kentucky Power. It is structured to meet the combined short-term cash management needs of those companies. The Utility Money Pool meets the short-term cash needs of its participants by providing for short-term borrowings from the Utility Money Pool by its participants and short-term investment of surplus funds by its participants. The invested or borrowed position, at any given time, is mainly driven by the cash needs of Kentucky Power and its cash surplus/deficit at that time.

c.-d. Please refer to the response to 64a.

Witness: Franz D. Messner

DATA REQUEST

KPSC 2_65 Refer to the Messner Direct Testimony, page 7. Provide the current market conditions and reasonable assumptions used to estimate the estimated positive net present value.

RESPONSE

As shown in Niehaus Exhibit 2, the 5.166% bond coupon, the twenty-year bond tenor, and the upfront cost estimate of approximately \$6 million used in the securitization analysis were provided by Goldman Sachs, internal and external counsel. The 8.30% used in the Net Present Value calculation is the 6.93% weighted average cost of capital proposed in this rate case grossed-up by income taxes. Please also see KPCO_R_KPSC_2_1_Attachment10_MessnerWP1, which is the calculation of the Net Present Value for securitization.

Witness: Franz D. Messner

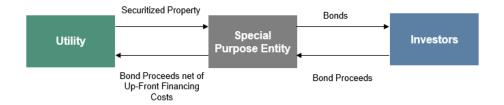
DATA REQUEST

KPSC 2 66 Refer to the Messner Direct Testimony, page 10.

- a. Provide a description of the securitization special entity that will be set up to administer the securitization over the life of the bonds. Include in the response the corporate structure, corporate parent, estimated number of employees including officers by job function. If there are no employees employed by the special entity, explain which corporate entity will employ the special entity personnel.
- b. Confirm that all costs incurred by the special entity will be recovered through the securitization rider.
- c. Describe the auditing process and whether the auditing will encompass employee time reporting and internal controls.

RESPONSE

a. The formation of the special purpose entity is described in the Direct Testimony of witness Niehaus, page 16: "Kentucky Power will form an SPE as a Delaware limited liability company (an "LLC"), and the SPE will be a wholly-owned subsidiary of Kentucky Power. The SPE's LLC Agreement will contain provisions designed to ensure that the SPE will be a bankruptcy-remote limited purpose entity. When I refer to "bankruptcy- remote," I mean that the SPE is structured so that in the unlikely event of a Kentucky Power or American Electric Power Company, Inc. ("AEP") bankruptcy, the SPE would not be consolidated with Kentucky Power or other AEP entities, would not be included in Kentucky Power's or AEP's bankruptcy estate, and the payment of the securitization debt service would not be "stayed" or stopped during the bankruptcy process. Importantly, the SPE is structured to operate independently, requiring that fees paid to third parties providing services to the SPE, including Kentucky Power as Servicer and Administrator, are set on an arms-length basis. These provisions supporting the bankruptcy remote nature of the SPE are critical to achieving the desired "AAA" equivalent ratings for the securitized bonds."



b. As described in the Direct Testimony of Company witness Spaeth, page 20, the securitization financing rider (SFR), "...is designed to recover from customers the amounts necessary to service, repay, and administer customer-backed bonds associated with the approved securitized costs pursuant to the terms of the financing order of the Kentucky Public Service Commission in this proceeding. The SFR will remain in effect until the complete repayment and retirement of any customer-backed bonds, or refunded bonds, associated with the approved securitized costs." Further, on page 21 he adds, "In addition, there is the possibility of interim true-up adjustments to correct for any over- or under-collection."

c. The Administration Agreement is expected to describe the internal controls for the special purpose entity (SPE). The auditing process and internal controls are expected to follow generally accepted accounting principles and involve an independent auditor. This answer will be supplemented with a more detailed description when the Administration Agreement reaches the form in which it will be submitted for Commission consideration.

The SPE will have no employees.

Witness: Franz D. Messner

DATA REQUEST

KPSC 2_67 Refer to the Messner Direct Testimony, page 10. Provide case numbers and orders for the other American Electric Power (AEP) operating companies where the respective regulatory commissions approved the securitization of utility assets and, if applicable, the corresponding commission financing orders. Also include any differences in the requirements for the securitization order for that jurisdiction compared to Kentucky.

RESPONSE

AEP Operating Company	Case No.	Financing Order
Public Service Company of	PUD 2021-	KPCO_R_KPSC_2_67_Attachment1
Oklahoma	000076	
Appalachian Power	12-1188-E-PC	KPCO_R_KPSC_2_67_Attachment2
Company- West Virginia		
AEP Texas	49308	KPCO_R_KPSC_2_67_Attachment3
	39931	KPCO_R_KPSC_2_67_Attachment4
	32475	KPCO_R_KPSC_2_67_Attachment5
	21528	KPCO R KPSC 2 67 Attachment6
AEP Ohio	12-1969-EL-ATS	KPCO R KPSC 2 67 Attachment7

While requirements across jurisdictions are conceptually similar, they can vary. Please refer to KPSC_R_KPSC_2_67_Attachments1-7 for approved financing orders for other AEP operating companies.

In general, the securitization process in AEP service territories is consistent with the Kentucky process. Each statute permits securitization of different costs, including stranded costs and storm restoration in Texas, regulatory assets in Ohio, expanded net energy costs in West Virginia, and costs associated with a winter storm in Oklahoma. However, Oklahoma differs in that there is no special purpose entity used in the securitization process.

Generally, the net present value calculations are similar. Some states differ on the use of bond rates versus the weighted average cost of capital. Also, Kentucky Power's calculation includes an adjustment to the securitization amount to reflect the requirement in KRS 278.670(15)(b)(3) that "retired generation costs" included in an application for a securitization financing order be reduced by "[t]he present value of return on all

accumulated deferred income taxes related to pretax costs with respect to a retired or abandoned facility and related facilities, including those due to bonus and accelerated tax depreciation and abandonment losses." That adjustment is not required in other jurisdictions.

Witness: Franz D. Messner



BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF SERVICE) PUBLIC COMPANY OF OKLAHOMA ("PSO") FOR) APPROVAL OF A FINANCING ORDER FOR CAUSE NO. PUD 202100076 THE COLLECTION OF INCREASED COSTS, CAUSED BY THE EXTREME WINTER ORDER NO. 723434 WEATHER AND CONTAINED IN THE REGULATORY ASSET AUTHORIZED BY ORDER 717625, INCLUDING AN) APPROPRIATE CARRYING COST, AND SUCH) OTHER RELIEF AS THE COMMISSION DEEMS) PSO IS ENTITLED

FINAL FINANCING ORDER

TABLE OF CONTENTS

1.	BAC	CKGROUND AND STATUTORY OVERVIEW	3
II.	DET	TERMINATION OF QUALIFIED COSTS	6
III.	SATISFACTION OF SECTION 9073 FACTORS		
IV.	DIS	CUSSION OF CERTAIN FINANCING ORDER REQUIREMENTS	7
V.	DES	CRIPTION OF PROPOSED FINANCING STRUCTURE	10
	A.	General Description	10
	B.	The Indenture and Flow of Funds	11
	C.	Servicing Arrangements	13
	D.	Use of Proceeds	14
	E.	Approval of Final Bond Terms; Issuance Advice Letter	14
VI.	BON	ND ISSUANCE AND ONGOING FINANCING COSTS	15
	A.	Bond Issuance Costs	15
	B.	Ongoing Financing Costs	15
VII.	FINI	DINGS OF FACT	16
	A.	Identification and Procedure	16
	B.	Summary of Evidence	20
	C.	Approval of the Settlement Agreement	20
	D.	Amount to be Financed.	24
	E.	Customer Benefits	25
	F.	Structure of the Proposed Financing	26

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 2 of 76

ii

Cause No. PUD 202100076- Financing Order

	G.	Customer Credits for Post Financing Order Insurance Proceeds or Government Grants and Alternative Funds	33
VIII.	CONC	CLUSIONS OF LAW	34
IX.	ORDE	RING PARAGRAPHS	39
	A.	Approval	39
	B.	WSC Charges	40
	C.	Ratepayer-backed Bonds	41
	D.	Servicing	42
	E.	Use of Proceeds	44
	F.	Miscellaneous Provisions	44
Appendix A Appendix B Appendix C Appendix D		Form of Issuance Advice Letter WSC [Winter Storm Cost] Mechanism Estimated Issuance Costs and Ongoing Financing Costs Form of True-Up Letter	
	ndix E	- # 1. Tribut 1 4.	

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 3 of 76

FINAL FINANCING ORDER

HEARING:

January 5, 2022, Room 301

2101 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105

Before Dustin R. Murer, Administrative Law Judge

APPEARANCES:

Jack P. Fite and Joann S. Worthington, Attorneys representing Public

Service Company of Oklahoma

Jared B. Haines and A. Chase Snodgrass, Assistant Attorneys General

representing Office of Attorney General, State of Oklahoma

Thomas P. Schroedter and D. Kenyon Williams, Attorneys representing

Oklahoma Industrial Energy Consumers

Rick D. Chamberlain, Attorney representing Walmart Inc. Deborah R. Thompson, Attorney representing AARP

Michael L. Velez, Deputy General Counsel and Lauren D. Willingham,

Assistant General Counsel, representing Public Utility Division,

Oklahoma Corporation Commission

Pursuant to 74 Okla. Stat. §§ 9070-9081, which includes the February 2021 Regulated Utility Consumer Protection Act (the "Act"), the Legislature of the State of Oklahoma recognized "the significant economic impact of the extreme weather event that occurred during the month of February 2021 (herein referred to as the "2021 Winter Weather Event") and the "unprecedented utility costs [that] will be passed through to Oklahoma customers of utilities from regulated utility entities." 74 Okla. Stat. § 9071. To mitigate the effects on such Oklahoma customers, the Act authorized Public Service Company of Oklahoma ("PSO" or the "Utility"), and other utilities subject to the regulatory jurisdiction of the Commission¹, to request the recovery of these extreme purchase costs and extraordinary costs (collectively referred to herein and in the Act as "qualified costs") through securitization to mitigate the impact of such costs on existing and future ratepayers taking electric service within the sponsoring utility's service territory in effect as of the issuance date of this Order (collectively referred to herein as "customers"), allowing customers to pay their utility bills at a lower amount over a longer period of time. In addition, 74 Okla. Stat. § 5062.8 was amended to expand the authority of the Oklahoma Development Finance Authority (the "Authority" or the "ODFA") under the Authority's enabling act2 (as amended, the "Authority Act") to include authority to issue ratepayer-backed bonds authorized by the Act.

On April 28, 2021, PSO filed its Application with the Corporation Commission ("Commission") of the State of Oklahoma to seek a determination of prudently incurred costs associated with the 2021 Winter Weather Event eligible for recovery through securitization, and to demonstrate that a securitization would result in substantial revenue requirement savings as compared to conventional utility financing and otherwise satisfy the requirements of the Act.

Testimony in support of and against the Application was filed, with a hearing on the merits initially scheduled for December 9, 2021. Prior to the scheduled hearing, which through successive continuations had been scheduled for January 5, 2022, a Joint Stipulation and

¹ The Act sets forth provisions, including requirements, to which the Commission must adhere in its processing of this Cause and in this Order.

² 74 Okla. Stat. § 5062.1 et seq.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 4 of 76

Cause No. PUD 202100076- Final Financing Order

Page 2 of 46

Settlement Agreement and a Joint Stipulation and Exibit [sic] HMW-1 was filed on January 4, 2022, and an Amended Joint Stipulation and Settlement Agreement correcting typographical errors and clarifying language was filed on January 6, 2022 (the "Settlement Agreement"), by and among PSO, the Public Utility Division of the Oklahoma Corporation Commission ("PUD"), the Office of the Attorney General, State of Oklahoma ("Attorney General") Oklahoma Industrial Energy Consumers ("OIEC"), and Walmart Inc. ("Walmart") (the "Stipulating Parties"). AARP opposed the Settlement Agreement.

A hearing was conducted on January 5, 2022, before an Administrative Law Judge ("ALJ"), with Commissioners present. Although the hearing was focused on the proposed Settlement Agreement, the entirety of the testimony and exhibits reflecting the positions of the parties, prior to the Settlement Agreement, was introduced and admitted into the record. Accordingly, the Commission, in reviewing this Cause and issuing this order, has reviewed and bases its decision on the entirety of the record. At the hearing, the Parties presented positions for and against the Settlement Agreement. Despite differing positions, all parties, with the exception of AARP, acknowledged or otherwise agreed that securitization provides the most favorable savings to customers.

Despite the newly enacted option for securitization, which simply offers utilities another mechanism to recover the costs it would otherwise be allowed to collect from its customers, the requirement by the Commission to determine the utility's prudently incurred costs under securitization is far from new. Every year, the Commission reviews and monitors utilities' fuel adjustment/purchase gas adjustment clauses ("FAC(s)")³ and the prudency of the utilities' fuel procurement processes and costs for the corresponding calendar year.⁴

Similarly, PSO's requested relief in its Application that the Commission determine PSO's prudently incurred costs associated with the 2021 Winter Weather Event is no different than the reviews by PUD and intervening parties, and the Commission's ultimate determination, in the annual FAC/prudence cases that have been conducted for years.⁵ The only distinction here is that

³ 17 O.S. §§ 251-257. The PUD conducts audits of the FAC to determine whether the application of the utility's current FAC was arithmetically accurate for the calendar year. Such audit ensures the utility charged its customers only the cost of its fuel, purchased gas or purchased power without any additional expenses or return. Pursuant to 17 O.S. § 251, regulated utilities cannot earn a return on fuel, purchased gas or purchased power.

⁴ OAC 165:35-35-1(a) requires that the prudency of a public utility's purchases be regularly reviewed. The Commission has defined a "prudency review" as a "comprehensive review that examines ... a utility's practices and policies and judgment regarding an investment or expense at the time the investment was made or expense was incurred." OAC 165:35-1-2. PUD conducts an annual prudence review to examine whether the cost of fuel, purchased gas or purchased power incurred by the utility was prudent. The prudency review is a comprehensive review that examines the reasonableness of a regulated utility's practices, policies, and decisions regarding fuel-related investments and expenses. While a prudence review may consider and incorporate the findings of the fuel audit, it must go beyond the calculations to examine the prudence of a utility's overall fuel-related policies and decisions, based upon information available when those decisions were made, and whether the resulting charges are just and reasonable.

⁵ As set forth in PUD witness McCoy's testimony, "PUD reviewed the Application, direct testimony, schedules, workpapers, and sponsored exhibits filed by the Company. The review process included a review of applicable statutes and regulations. Various reviews with the Company officials were conducted and data requests were issued by PUD." McCoy Responsive Testimony P. 6 ls. 14-17. Further, the Company "facilitated an internal audit of the winter event in accordance with the Institute of Financial Auditors.... Gas purchasing processes and practices was the focus of the audit." *Id.* at P. 14 ls. 13-18. *See also* Stroup Responsive Testimony P. 5 ls. 9-14 (explaining PUD's review process).

Cause No. PUD 202100076- Final Financing Order

Page 3 of 46

the review is limited to the period of time of the 2021 Winter Weather Event.⁶

After thorough review of the record, the Commission determines that PSO is eligible to recover \$688 million of 2021 Winter Weather Event related costs as qualified costs, together with adjustment for carrying costs through the date of issuance of any ratepayer-backed bonds calculated in the manner described herein, and bond issuance costs (collectively, the "Approved Qualified Costs"), through securitization. This Final Financing Order ("Order") approves such recovery as more fully detailed herein. Ultimately this Order: (i) approves the issuance of ratepayer-backed bonds (the "Bonds") by the ODFA to finance the recovery of the Approved Qualified Costs; (2) approves the proposed financing structure and parameters for any final bond issuance; (3) authorizes the creation of securitization property in favor of the Utility, including the right to impose and collect irrevocable and nonbypassable charges (herein, "Winter Storm Cost Charge" or "WSC Charge(s)"); (4) authorizes the sale of such securitization property to the ODFA to secure repayment of the Bonds; (5) approves a nonbypassable mechanism to ensure that customers of the utility cannot evade paying the WSC Charge as long as the Bonds are outstanding; (6) approves a true-up and reconciliation procedure to ensure that the WSC Charges will be adjusted from time to time such that the amounts collected will be sufficient to pay the Bonds and associated financing costs; and (7) approves a tariff to implement the WSC Charge, all as described in the Act and more fully detailed as follows:

- Part I provides a statutory overview of the Act to give context to this Order;
- Part II discusses the determination and quantification of the 2021 Winter Weather Event related qualified costs eligible for recovery under the Act;
- Part III describes how the Utility has demonstrated a securitization will result in customer savings and otherwise satisfy the requirements of the Act;
- Part IV describes how the Utility proposes to structure the securitization and allocate, impose and collect the WSC Charges in a manner which satisfies the requirements of the Act;
- Part V describes the Bond structure for the securitization designed to recover the Approved Qualified Costs in a manner which will be consistent with published rating agency criteria to ensure the highest possible ratings on the Bonds to best maximize savings to customers; and
- Part VI describes certain Bond issuance cost associated with the Bond issuance process and ongoing financing costs and their recovery from proceeds of the Bonds or WSC Charges, as appropriate.

I. BACKGROUND AND STATUTORY OVERVIEW

In February 2021, the State of Oklahoma experienced an extreme weather event that brought nearly two weeks of record cold temperatures to the state. The extreme cold weather

^{6 74} O.S. §§ 9072(3) and (6).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 6 of 76

Cause No. PUD 202100076- Final Financing Order

Page 4 of 46

resulted in a shortage of natural gas supply, the failure of certain infrastructure, and increased demand for natural gas and electric power. The extreme weather conditions resulted in extraordinary costs for regulated utilities operating in the state. To mitigate such extraordinary costs the Oklahoma Legislature enacted, and the Governor of Oklahoma signed into law, the Act to provide financing options to lower the immediate economic impact on consumers.

The Act authorizes the Commission, in any case where a regulated utility is requesting recovery of extreme purchase costs, or extraordinary costs or both related to the 2021 Winter Weather Event eligible for recovery under the Act, to approve the recovery of such costs through securitization in order to mitigate the impact of such recovery on customer bills. The Act provides that the Commission must consider certain factors ("Section 9073 factors") when determining whether the costs should be mitigated by the recovery through ratepayer-backed bonds, including the existence of substantial revenue requirement savings through the issuance of the bonds as compared to conventional financing methods, a longer amortization schedule to pay the bonds than would ordinarily be practicable or feasible for the utility to implement such cost recovery and the ability to issue bonds at a cost which would not exhaust the potential savings. The Commission is also required to review the qualified costs of the Utility and determine whether the amounts incurred would otherwise be recoverable from customers as fair, just, and reasonable expenses and prudently incurred.

Upon the determination that the costs are subject to recovery under the Act, and may be mitigated by the issuance of ratepayer-backed bonds, the Commission is authorized and required to make additional findings and conclusions in a financing order to support the issuance of ratepayer-backed bonds, as provided in 74 Okla. Stat. § 9074(A). The Utility and intervening parties have submitted testimony addressing such findings and conclusions, which are further addressed in Part IV of this Order.

The Act authorizes the creation of a new property right, called securitization property, to secure payment of the ratepayer-backed bonds. ¹⁰ The securitization property consists of the right to receive revenues, in the form of the WSC Charge, which must be imposed on and collected from customers through a nonbypassable mechanism to ensure that customers cannot avoid paying the WSC Charge. The nonbypassable mechanism must provide that the WSC Charge is payable by each utility customer within the service territory of the utility in effect as of the date of the applicable financing order and such charge cannot be modified or avoided by the customer through switching utility providers, switching fuel sources or materially changing usage, and must be paid by the customer for as long as the ratepayer-backed bonds are outstanding. ¹¹ In addition, the nonbypassable mechanism requires a true-up and reconciliation process by which the WSC Charge must be adjusted from time to time to ensure that expected revenues from the charge are sufficient to ensure the timely payment of the bonds, together with all costs necessary to service and administer the bonds. ¹² These servicing and administration costs, as well as other costs necessary

⁷ Id. at § 9073.

⁸ Id. at § 9073(C).

⁹ Id. at § 9073(E).

¹⁰ Id. at § 9075(A).

¹¹ Id. at § 9072(5).

¹² Id. at § 9072(12).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 7 of 76

Cause No. PUD 202100076- Final Financing Order

Page 5 of 46

to manage the structure, all as described more fully herein, are collectively referred to as "ongoing financing costs".

Securitization property constitutes a present property right susceptible of ownership, sale, assignment, transfer, and security interest, and the property will continue to exist until the Bonds issued pursuant to this Order are paid in full and all ongoing financing costs of the Bonds have been recovered in full. ¹³ In addition, the interests of a pledgee or secured party in securitization property (as well as the revenues and collections arising from the property) are not subject to setoff, counterclaim, surcharge or defense by the Utility or by any customer, or in connection with the bankruptcy of the Utility or any other entity. ¹⁴

The Act authorizes the sale of the securitization property by the Utility to the Authority, which in turn and simultaneously, will issue the Bonds, and pledge the securitization property and any other collateral to the payment of the Bonds.

The Act further provides:

Upon the issuance of any financing order pursuant to this section, the periodic determination of factors for customer collection with true-up and reconciliation authorized by the financing order shall not be removed, adjusted or interrupted by any other regulatory determination of the Commission, except where adjustments are warranted as a result of an audit of amounts actually collected from customers and provided to the Authority or where insurance proceeds, government grants or other funding sources offset or reduce the amount of extreme purchase costs and extraordinary costs to be recovered from customers. No adjustments shall in any manner impair or prevent the collection of sufficient revenues to service and repay ratepayer-backed bonds. ¹⁵

In this Order, the Commission determines that any insurance proceeds, government grants or other funding sources will not be applied to the payment of the Bonds, but will instead be credited to customers through another mechanism described in this Order.

The Act amends the Authority Act to authorize the ODFA to issue ratepayer-backed bonds authorized pursuant to the Act. ¹⁶ In the Authority Act, the State of Oklahoma has pledged to and agreed with the owners of any Bonds issued by the ODFA under the Act that the State will not limit or alter the rights vested in the Authority, including the rights to be held by the Authority in this Order and the securitization property, to fulfill the terms of any agreements made with the owners thereof or in any way impair the rights and remedies of the owners until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the owners, are fully met and discharged (the "State Pledge")¹⁷. This Order requires the Bonds to include a recitation of the State Pledge.

¹³ Id. at § 9075(B).

¹⁴ Id. at § 9075(D).

¹⁵ Id. at § 9074(H).

¹⁶ Id. at § 5062.8.

¹⁷ *Id.* at § 5062.15.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 8 of 76

Cause No. PUD 202100076- Final Financing Order

Page 6 of 46

The Commission may adopt a financing order providing for the retiring and refunding of the Bonds. ¹⁸ The Utility has not requested, and this Order does not grant, any authority to refinance the Bonds authorized by this Order. However, this Order does not preclude the filing of a request for a financing order under 74 Okla. Stat. § 9077(D) to retire or refund the Bonds approved in this Order, after proper notice and hearing, and upon a showing that the customers would benefit and that such a financing is consistent with the terms of the Bonds.

To facilitate compliance and consistency with applicable statutory provisions, this Order adopts the definitions in the Act.

II. DETERMINATION OF QUALIFIED COSTS

The Stipulating Parties proposed that, among other things, \$675.2 million of PSO's total 2021 Winter Weather Event related costs be deemed prudent and found reasonable by the Commission. Additionally, the Stipulating Parties agreed that the total amount of PSO's extreme purchase cost recovery, including carrying costs and bond issuance costs authorized for recovery, is estimated to be \$688 million and requested that the Commission issue a financing order for the securitization of approximately \$688 million as the Approved Qualified Costs.

III. SATISFACTION OF SECTION 9073 FACTORS

The Act provides that the Commission must consider the Section 9073 factors when determining whether costs will be mitigated by the recovery through ratepayer-backed bonds, including whether substantial revenue requirement savings will be realized through: (i) the issuance of the Bonds as compared to conventional financing methods, (ii) a longer amortization schedule to pay the Bonds than would ordinarily be practicable or feasible for the utility to implement such cost recovery and (iii) the ability to issue Bonds at a cost which would not exhaust or offset the potential savings.

In its testimony, PSO demonstrated that as a result of the issuance of the Bonds, customers will realize substantial revenue requirement savings when compared to conventional financing methods. PSO has demonstrated the utility bill impacts of securitization and shown that there would be significant customer savings from issuing ratepayer-backed bonds in comparison with traditional utility financing. Based on the amount to securitize per the Settlement Agreement, the Utility's financial analysis indicates that the customers, on an annual basis, will realize savings in the amount of \$26.55 million when comparing a 20-year securitized bond at the expected weighted average interest rate of 2.37 % to traditional utility financing at the Utility's most recent approved 8.55% rate of return for the same time period. For a residential customer, this amounts to a monthly savings of approximately \$2.39. In total for the entire 20 years, customers would save \$517.81 million when compared to the amount that would have been collected under traditional utility financing. Accordingly, the Commission concludes that the substantial revenue requirement savings for customers set forth in the record are indicative of the savings that customers will realize from the approval of securitization approved herein. By requiring that the weighted average interest rate of the Bonds not exceed 6.0% per annum, the Commission agrees that securitization should result in substantial revenue requirement savings.

¹⁸ Id. at § 9077(D).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 9 of 76

Cause No. PUD 202100076- Final Financing Order

Page 7 of 46

The Settlement Agreement has also proposed that the Bonds be amortized over a 20-year period, which is a longer amortization schedule than would ordinarily be practicable or feasible for the Utility to finance its obligations. However, a shorter or longer amortization period is permitted if a shorter or longer term will provide for a lower monthly charge for customers.

The Utility has demonstrated that the cost of issuing the Bonds will not materially impact potential savings to customers. The Utility has estimated that even if projected costs of issuance were doubled, savings would still be significant.

Further, in the Issuance Advice Letter, the form of which is included as Appendix A ("Issuance Advice Letter"), the Utility will provide an updated savings analysis based upon the actual pricing and terms of the Bonds and the final costs of issuance.

Accordingly, in this Order, the Commission determines that the Utility has demonstrated that the issuance of the Bonds will satisfy the Section 9073 factors and should be approved.

IV. DISCUSSION OF CERTAIN FINANCING ORDER REQUIREMENTS

Pursuant to 74 Okla. Stat. §9074(A), the Commission is required to include findings and conclusions with respect to certain matters. Certain of these matters, not otherwise discussed in this Order, are addressed below.

Bond Maturities: The Stipulating Parties have requested in the Settlement Agreement that the Commission authorize that the Bonds be amortized over a period not to exceed 20 years, using a relatively level annual debt service structure, or a longer or shorter term to obtain the most favorable term for customers that will result in the lowest reasonable monthly charge for customers. In this Order, the Commission finds the Stipulating Parties' proposal to be reasonable and approves the payment of the Bonds based upon relatively level annual debt service structure and with a scheduled final payment date not to exceed 20 years from the date of issuance and a legal final maturity not later than two years after the scheduled final payment date, provided a shorter or longer amortization period is permitted, as determined by ODFA, with approval of the State Deputy Treasurer for Policy and Debt Management¹⁹, if such a term will provide for a lower monthly charge for customers.

Irrevocable and Nonbypassable Mechanism to Impose and Adjust Winter Event Securitization Charges: The Stipulating Parties have proposed a mechanism, as more fully described in Exhibit A to the Settlement Agreement, to impose a monthly, consumption-based charge on its customers in order to generate sufficient cash flow to pay the Bonds and related ongoing financing costs. The Utility will calculate the charge based upon factors described in Exhibit A to the Settlement Agreement, which is appended hereto as Appendix B to this Order ("WSC Rider"). The WSC Rider will remain in effect until the complete repayment and retirement of the Bonds and ongoing financing costs authorized by this Order.

The WSC Rider also describes features demonstrating how the WSC Charge will be nonbypassable to customers, even if such customers switch providers, change fuel sources or

¹⁹ Referred to in the Act as Deputy Treasurer for Policy and Debt Management and given the title of Deputy Treasurer for Debt Management in 62 O.S. § 695.7(A).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 10 of 76

Cause No. PUD 202100076- Final Financing Order

Page 8 of 46

materially change usage. Customers who self-generate under the Utility's Net Energy Billing Option ("NEBO") tariff will be assessed the WSC Charge based upon their gross usage. In addition, the WSC Charge will be payable by all current and future customers of the Utility and any successor or assign of the Utility will be obligated to bill the WSC Charge to customers located at an address within this state and within the service area of the Utility as of the date of this Order. In this Order, the Commission finds that this nonbypassable mechanism satisfies the requirements of the Act and is consistent with obtaining the highest possible ratings on the Bonds.

Frequency of True-Ups and Reconciliation: The Stipulating Parties have agreed in the Settlement Agreement that the WSC Charge will be adjusted (or trued-up) semi-annually to ensure that the WSC Charge collections are sufficient to ensure the timely payment of the Bonds. The Stipulating Parties have further recommended in the Settlement Agreement, by agreeing to the WSC Rider, that the Utility should file for any such adjustments with PUD every six months after the initial WSC Charge is determined at the time of issuance of the Bonds. The calculation for any adjustment should be submitted at least 30 days prior to the proposed effective date and the PUD review should be limited to review during the 30-day period for mathematical corrections with any associated adjustments going into effect on the proposed effective date. Any necessary corrections to the true-up adjustment, due to mathematical errors in the calculation of such adjustment, will be made in future true-up adjustments.

Hilltop Securities, as financial advisor to the Authority and the Commission (the "Financial Advisor") has testified that the true-up should be allowed more frequently if required to obtain the highest possible bond ratings. The Financial Advisor has also testified that the true-up should occur quarterly following the final scheduled payment date of the Bonds. In this Order, the Commission agrees with these recommendations by the Financial Advisor. The true-up will be required semi-annually, quarterly commencing 12 months prior to the scheduled final payment date of the Bonds and at any time if the servicer forecasts that WSC Charge collections will be insufficient to make all scheduled payments of principal, interest and other financing costs in respect of the Bonds during the current or next succeeding payment period or to replenish any draws on the debt service reserve subaccount ("DSRS") or as required to obtain the highest possible ratings on the Bonds by the rating agencies. The frequency and timing of true-ups shall be documented in the Issuance Advice Letter.

The Financial Advisor also testified that, to ensure the highest possible rating on the Bonds, the true-up adjustments requested by the servicer should be automatic and subject to review by the Commission solely for the correction of mathematical error. The Commission approves this approach, with the clarification that PUD will be responsible for reviewing the true-up adjustments for this purpose. The Commission supports this process to make all reasonable efforts to achieve the highest possible rating on the Bonds.

Adjustment Methodology: Each True-Up Letter and Non-Standard True-Up Letter (as described below), the forms of which are included as Appendix D and Appendix E, respectively, to this Order, will calculate a revised WSC Charge for the Bonds in accordance with the WSC Rider. Generally, the WSC Charge will be calculated by the servicer as follows:

• First, the servicer will calculate the Periodic Payment Requirement (as defined below) for the next six-month period, or if shorter the period from the adjustment date (or, in

Cause No. PUD 202100076- Final Financing Order

Page 9 of 46

the case of the initial WSC Charge calculation, the closing date of the Bonds) to and including the next bond payment date, as well as the Periodic Payment Requirement for the next succeeding six month period ending on the following bond payment date (each, a "Payment Period"). The "Periodic Payment Requirement" or "PPR" covers all scheduled (or legally due) payments of principal (including, if any, prior scheduled but unpaid principal payments), interest, and other ongoing financing costs to be paid with WSC Charge revenues during such Payment Period. The Periodic Billing Requirement will then be calculated, using the most recent information of the servicer regarding write off, average days sales outstanding data or other collection data, to determine the amount of WSC Charge revenue that must be billed during each Payment Period to ensure that sufficient WSC Charge revenues will be received to satisfy the Periodic Payment Requirement for such Payment Period. Such amount is referred to as the "Periodic Billing Requirement" or "PBR";

- Second, the PBR for each Payment Period is allocated among each Service Level using the Energy Allocation Factor (described below);
- Third, the WSC Charge for each Service Level for each Payment Period is determined by dividing each Service Level's respective portion of the PBR for the Payment Period by their respective forecasted sales for the Payment Period; and
- Finally, after such calculations are made, the WSC Charge for each Service Level for the next Payment Period and the next succeeding Payment Period will be compared and the higher WSC Charge will be the WSC Charge effective for such Service Level on the next adjustment date.

The servicer will use its latest forecast of sales, as well as its latest write-off, days sales outstanding and other collection and delinquency experience to calculate the WSC Charge.

All true-up adjustments to the WSC Charges will ensure the billing of WSC Charges necessary to satisfy the Periodic Payment Requirement for the Bonds for each Payment Period during such 12-month period (or shorter period) following the adjustment date of the WSC Charge. True-up adjustments will be based upon the cumulative differences, regardless of the reason, between the Periodic Payment Requirement and the actual amount of WSC Charge collections remitted to the bond trustee for the Bonds.

Allocation of Revenue Requirements Among Various Service Levels: The Stipulating Parties have agreed and recommended that debt service and ongoing financing costs associated with the Bonds should be allocated among its five rate classes or six service levels (each, a "Service Level") based on the methodology set forth in the responsive testimony of OIEC witness Brian C. Collins, which is based on the actual daily kWh usage for each Service Level. The cost allocations established in accordance with the methodology set forth above were utilized to establish the energy allocation factor (the "Energy Allocation Factor(s)") for each Service Level set forth in the WSC Rider. The Energy Allocation Factors would remain fixed, except as adjusted by a non-standard true-up adjustment (as defined below), for the life of the Bonds. In this Order, the Commission finds such allocation methodology reasonable and equitable to customers and approves the methodology.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 12 of 76

Cause No. PUD 202100076- Final Financing Order

Page 10 of 46

Non-Standard True-Up Adjustments: The WSC Rider provides that the Utility, in its capacity as servicer, shall submit a true-up adjustment to change the Energy Allocation Factors in the event of a material change in usage (each, a "non-standard true-up adjustment"). The servicer will submit a non-standard true-up adjustment if projected energy sales or blocks, as applicable, will be 10% lower than the threshold billing units. The process for a non-standard true-up adjustment is set forth in greater detail in the WSC Rider and a form of Non-Standard True-Up Letter is appended as Appendix E. The Financial Advisor has testified that a non-standard true-up adjustment is consistent with achieving the highest possible ratings on the Bonds. The Commission accepts that this method of changing the cost allocation among Service Levels is equitable and consistent with achieving savings to customers and approves the WSC Rider.

Frequency of Remittances: The Financial Advisor has testified that it is customary for a utility to remit securitization charges to the bond trustee on a daily basis, within two business days of receipt of such charges. The Financial Advisor has further testified that if the daily remittances are made on an estimated basis, the estimated remittances should be reconciled with actual collections no less often than semi-annually, with any over-remittances being returned to the Utility, in its capacity as servicer, including any successor to the Utility or any subsequent servicer of the Bonds through a reduction in the amount of future remittances equal to such over-remittance and any under-remittances being paid over to the bond trustee by the Utility, in its capacity as servicer, including any successor to the Utility or any subsequent servicer of the Bonds within five business days. The Commission adopts these recommendations of the Financial Advisor.

V. DESCRIPTION OF PROPOSED FINANCING STRUCTURE

Set forth below is a description of the proposed financing structure, including a proposed servicing arrangement. The Commission finds the proposed structure is reasonable, consistent with the Act, and is approved.

A. General Description

The proposed financing structure includes all of the following:

- Creation of securitization property solely in favor of the Utility, which includes the right to bill and collect the WSC Charge;
- Sale of the securitization property to the ODFA pursuant to the sale agreement;
- Issuance of the Bonds by the ODFA, consistent with the provisions set forth in this Order;
- Transfer of the net proceeds of the Bonds by the ODFA to the Utility²⁰ in consideration for the sale of the securitization property pursuant to the sale agreement;

²⁰ Pursuant to 74 Okla. Stat. § 9077(I), the proceeds of the Bonds will be deposited with the State Treasurer pending disposition at the direction of the Authority. The proceeds will be delivered to the Utility pursuant to instructions included in the sale agreement between the Authority and the Utility as further described in this Order.

Cause No. PUD 202100076- Final Financing Order

Page 11 of 46

- Collection on behalf of the ODFA of WSC Charges by the Utility or its successors, as collection agent and servicer, who will be responsible for billing and collecting the WSC Charges from customers;
- Pledge of the WSC Charges and rights under the transaction documents (as more fully defined in the Act, the "securitization property") by the ODFA to the bond trustee as security for repayment of the Bonds; and
- Automatic true-up and reconciliation mechanism.

Pursuant to the Act, ODFA will be responsible for issuing the Bonds pursuant to an indenture administered by a bond trustee. The Bonds will be secured by and payable solely out of the securitization property created pursuant to this Order and the Act and other collateral, including ODFA's rights under the servicing agreement with the Utility. That collateral will be assigned and pledged to the bond trustee by the ODFA for the benefit of the holders of the Bonds and to secure payment due with respect to the Bonds and related financing costs.

Concurrent with the issuance of the Bonds, the Utility will sell the securitization property to ODFA pursuant to a sale agreement between ODFA and the Utility. This transfer will be structured so that it will qualify as a true sale within the meaning of 74 Okla. Stat. § 9075(F) and that such rights will become securitization property concurrently with the sale to ODFA as provided in 74 Okla. Stat. § 9075(G).

Pursuant to a servicing agreement, the Utility will act as the initial servicer of the securitization property, including billing and collecting the WSC Charges for the Authority, and will undertake to collect such WSC Charges from the customers and remit these collections to the bond trustee on behalf of the Authority. The Utility, in its capacity as servicer, will perform routine billing, collection and reporting duties on behalf of the Authority and will not be permitted to resign as servicer unless it is no longer legally capable of serving in such capacity and until a successor servicer meeting the requirements set forth in the transaction documents is in place. The servicer will be responsible for making any required or allowed true-up and reconciliation of the WSC Charges. If the servicer defaults on its obligations under the servicing agreement, the Authority, or the bond trustee, at the direction of a majority of the bondholders, may appoint a successor servicer.

WSC Charges will be calculated and adjusted from time to time, pursuant to the WSC Rider as approved in this Order, to be sufficient at all times to pay all scheduled debt service, any past due amounts and other related ongoing financing costs for the Bonds on a timely basis.

B. The Indenture and Flow of Funds

Pursuant to the Act, a bond trustee will be appointed by the State Treasurer and approved by the Authority. The bond trustee will act as a representative on behalf of bondholders, remit payments to bondholders, and ensure bondholders' rights are protected in accordance with the terms of the transaction. The indenture will include provisions for a collection account and related subaccounts, all held by the trustee, for the collection and administration of the WSC Charges and

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 14 of 76

Cause No. PUD 202100076- Final Financing Order

Page 12 of 46

payment or funding of the principal of and interest on the Bonds and ongoing financing costs. The collection account will include the general subaccount, the DSRS and the excess funds subaccount, and may include other subaccounts as required to accommodate other credit enhancement.²¹

The bond trustee will deposit the WSC Charge remittances that the servicer remits to the credit of the general subaccount. The bond trustee will on a periodic basis apply moneys in the general subaccount to pay expenses of the ODFA and the Utility, in its capacity as servicer, to pay principal of and interest on the Bonds and to pay all other ongoing financing costs. Pending such application, the funds in the general subaccount will be invested by the bond trustee as provided in the indenture, and earnings will be deposited into the general subaccount and applied by the bond trustee to pay principal of and interest on the Bonds and all ongoing financing costs in accordance with the terms of the indenture.

When the Bonds are issued, the bond issuance costs will include a deposit into a cost of issuance account (or subaccount) and a deposit estimated at the time of hearing at 0.50% of the original principal amount of the Bonds to the credit of the DSRS. The DSRS deposit could be higher if required by the rating agencies to obtain the highest possible rating, which benefits customers. The exact amount will be determined by the Authority based upon rating agency considerations and with the advice of the Financial Advisor and the State Deputy Treasurer for Policy and Debt Management, and reflected in the Issuance Advice Letter. The DSRS will serve as collateral to ensure timely payment of scheduled principal of and interest on the Bonds and all ongoing financing costs. The funds in this subaccount will be invested by the bond trustee as provided in the indenture. Any amounts in the DSRS will be available to be used by the bond trustee to pay principal of and interest on the Bonds and certain ongoing financing costs, if necessary, due to a shortfall in WSC Charge collections. Any funds drawn from the DSRS to pay these amounts due to a shortfall in the WSC Charge collections will be replenished through future WSC Charge remittances. Funds remaining in the DSRS will be applied to the final payment of principal of the Bonds.

The excess funds subaccount will hold any WSC Charge remittances and investment earnings on the collection account in excess of the amounts needed to pay current principal of and interest on the Bonds and to pay the ongoing financing costs. Any balance in or allocated to the excess funds subaccount on a true-up adjustment date will be used as credit in calculating the next true-up adjustment. The money in this subaccount will be invested by the bond trustee as provided in the indenture, and such money (including investment earnings thereon) will be used by the bond trustee to pay principal of and interest on the Bonds and ongoing financing costs.

Other credit enhancements in the form of subaccounts may be utilized for the financing if such enhancements are anticipated to provide greater revenue requirement savings to customers as determined by the Authority, based upon rating agency considerations and with the advice of the Financial Advisor and the State Deputy Treasurer for Policy and Debt Management. Such credit enhancements will be described in the Issuance Advice Letter.

In addition to the collection account, there may be such additional accounts and subaccounts, such as a cost of issuance account, as are necessary to segregate amounts received

²¹ References to accounts and subaccounts herein are for purposes of clarity. The account names and structure will be set forth in the indenture.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 15 of 76

Cause No. PUD 202100076- Final Financing Order

Page 13 of 46

from various sources, or to be used for specified purposes. Such accounts will be administered and utilized as set forth in the servicing agreement and the indenture.

Upon the maturity of the Bonds and the discharge of all obligations in respect thereof, remaining amounts in the collection account will be released by ODFA to the Utility, in its capacity as servicer, for crediting to customers, solely on behalf of the Authority, as required by Ordering Paragraph 23.

C. Servicing Arrangements

The Financial Advisor has provided testimony concerning the purpose and provisions of the servicing agreement as well as compensation arrangements that reflect investor and rating agency expectations as well as minimize customer costs.

The servicing agreement is an agreement between the Utility, as the initial servicer of the securitization property, and the Authority, as owner of the securitization property. It sets forth the responsibilities and obligations of the servicer, including, among other things, billing and collection of winter event securitization charges, responding to customer inquiries, terminating service, filing for true-up adjustments, and remitting collections to the State Treasurer or bond trustee for distribution to bondholders. The servicing agreement prohibits the Utility from resigning as initial servicer unless it is unlawful for the Utility to continue in such a capacity. The Utility's resignation will not be effective until a successor servicer assumes its obligations in order to continue servicing the securitization property without interruption. The servicer may also be terminated from its responsibilities under certain instances, such as the failure to remit collections within a specified period of time, by the Authority or the bond trustee upon a majority vote of bondholders. Any merger or consolidation of the servicer with another entity, any purchase of the operation assets of the servicer, or any transfer of the servicer's entity or operational assets in connection with a bankruptcy proceeding will require the merged entity, successor or purchaser to assume the servicer's responsibility under the servicing agreement. The terms of the servicing agreement are critical to the rating agency analysis of the Bonds and the ability to achieve credit ratings in the highest categories.

As compensation for its role as initial servicer, the Utility is entitled to earn a servicing fee payable out of WSC Charge collections. As explained in the Financial Advisor's testimony, it is important to the rating agencies' analysis of the transaction that the Utility receives an arm's-length fee as servicer of the securitization property. However, it is customary in other utility securitizations for utilities, in their capacity as servicer, to be paid a fee based upon their incremental costs of providing servicing. It is also common for utilities to be required to include the servicing fee, as well as servicing costs not in excess of the servicing fee, as part of their reported revenue requirements in the utility's base rate proceedings. This process ensures that utilities are not paid more than what is minimally required to service the Bonds and to ensure that any excess payments be credited back to customers. The Commission approves this compensation and reconciliation process, as further discussed herein.

As also explained by the Financial Advisor, utility securitizations to date have also permitted an increase in the servicing fee should a successor servicer, which is not part of the utility's business and who decouples the securitization charge bill from other bill amounts, assume the obligations of the utility, as servicer, because the successor servicer would require additional

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 16 of 76

Cause No. PUD 202100076- Final Financing Order

Page 14 of 46

inducement due to its lack of a pre-existing servicing relationship with the utility's customers. Financing orders in utility securitizations often approve a substantially higher fee for a successor servicer. The majority of recent transactions have provided for successor servicer annual fees of approximately 0.60% of the initial balance of the bonds or greater. Recent transactions in Texas and Louisiana provided for annual successor servicer fees of up to 0.60% of the initial balance of the bonds; however, recent transactions in California provided that the public utilities commission may approve a higher fee without stating any limit if such fee does not adversely affect the thencurrent ratings on the related bonds. Further, the Financial Advisor stated that a defined successor servicer fee is helpful for rating agencies, who will use the capped fee in their various stress analyses. Similar to the transactions in other jurisdictions, the Financial Advisor has recommended that the proposed financing order allow a successor servicer to collect a higher servicing fee at a rate approved by the Commission provided, however, that no such approval would be required if the annual fee does not exceed 0.60% of the initial balance of the Bonds.

In this Order, the Commission authorizes an annual successor servicing fee up to 0.60% of the initial balance of the Bonds conditioned upon the ODFA having justification for agreement of such servicing fee and satisfaction that the servicing fee will not adversely affect the then-current ratings on the related Bonds. Moreover, should the successor servicer seek a servicing fee higher than 0.60%, such fee is not approved. Any servicing fee higher than 0.60% requires Commission approval in a subsequent proceeding. The Commission approves these servicing arrangements as discussed herein.

D. Use of Proceeds

The proceeds of the Bonds, net of bond issuance costs payable by the Authority (including costs payable to the Utility and amounts required to be deposited to the DSRS), will be deposited with the State Treasury and immediately disbursed pursuant to the instructions of the Authority to the Utility to pay the cost of purchasing the securitization property. The Utility, in turn, will use the proceeds, to pay or reimburse itself for the Approved Qualified Costs pursuant to the terms of this Order.

E. Approval of Final Bond Terms; Issuance Advice Letter

The Commission recognizes that certain details of the final Bond structure, such as any overcollateralization requirements or credit enhancements to support payment of the Bonds, and the final terms of the Bonds will depend in part upon the rating criteria of the nationally recognized credit rating agencies which will rate the Bonds and/or, in part, upon the market conditions that exist at the time the Bonds are taken to the market. This Order establishes and approves a financing structure as well as parameters for the Bonds, including maximum final scheduled payment dates, a weighted average interest rate on the Bonds, the method by which the Bonds should be amortized, as well as limits on certain costs to be incurred by the Utility, including Utility bond issuance costs and Utility servicing fees. As authorized by the Act, ODFA, with the advice of the Financial Advisor and with the approval of the State Deputy Treasurer for Policy and Debt Management, will determine and approve the final terms of the Bonds consistent with the terms of this Order. Within three business days of the pricing of the Bonds, ODFA and the Utility will jointly submit to PUD, for information purposes (except with respect to the Utility certification), an Issuance Advice Letter evidencing the final terms of the Bonds, projected (or actual) costs of issuance and

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 17 of 76

Cause No. PUD 202100076- Final Financing Order

Page 15 of 46

ongoing financing costs, projected customer savings, as well as the initial WSC Charge. Failure or delay in submitting such report will not affect the validity of the Bonds or their security.

VI. BOND ISSUANCE AND ONGOING FINANCING COSTS

A. Bond Issuance Costs

Bond issuance costs will be incurred in connection with the issuance of the Bonds and will be recoverable from proceeds of the Bonds. Bond issuance costs include, without limitation, the cost of funding the DSRS, underwriting costs (fees and expenses), rating agency fees, costs of obtaining additional credit enhancements (if any), the Commission (including PUD) expenses, fees and expenses of the Authority's and the Utility's accountants and legal advisors (including bond counsel, special counsel and disclosure counsel), fees and expenses of the Financial Advisor, original issue discount, external servicing costs, fees and expenses of bond trustee and its counsel (if any), servicer set up costs, printing and filing costs, non-legal financing proceeding costs and expenses of ODFA, the Utility, the Commission (including PUD) and the State Treasurer or other State officials and miscellaneous administrative costs. ODFA has no control over issuance costs incurred pursuant to a financing under the Act, apart from ODFA related issuance costs. The only issuance costs to be incurred directly by the Utility are servicer set up costs, costs related to regulatory proceedings, miscellaneous administrative costs, external servicing costs and the costs of the Utility's financial and legal advisors (collectively, "Utility Issuance Costs"). The Utility has provided a detailed estimate of its Utility Issuance Costs in its testimony. The Commission will have control over Utility Issuance Costs through its jurisdictional control over the Utility. All other issuance costs (collectively, "Non-Utility Issuance Costs") will be outside the control of the Utility because the issuer of the Bonds, the Authority, is an instrumentality of the state.

The Commission is mindful of the fact that several of the components of bond issuance costs will vary depending upon the size of the final issuance of the Bonds. Specifically, the Commission realizes that some of the following costs may be proportional to the amount of Bonds actually issued, as described in the final Issuance Advice Letter: the DSRS, rating agency fees, special counsel fees, fees and expenses of the Council of Bond Oversight and Attorney General, and underwriters' fees are proportional to the amount of Bonds actually issued. Further, other issuance costs, such as ODFA and Utility legal and accounting fees and expenses, and printing expenses will not be known until the issuance of the Bonds or even thereafter, when final invoices are submitted. In this Order, the Commission approves the recovery by the Utility of the Utility Issuance Costs, subject to a cap of \$700,000 (the "Utility Issuance Cost Cap"). An estimate of the Non-Utility Issuance Costs was described in the testimony of the Financial Advisor. All other Non-Utility Issuance Costs are also approved for recovery, subject to the final approval of costs by the Authority and the State Deputy Treasurer for Policy and Debt Management.

B. Ongoing Financing Costs

Costs will be incurred by the Utility, in its role as servicer, as well as by the Authority and other state agencies in connection with the servicing and administration of the Bonds. These costs should not be included in the principal amount of the Bonds, and are authorized to be recovered through the WSC Charges, subject to the true-up of those charges as provided in this Order. The Financial Advisor estimates that these ongoing annual costs (exclusive of debt service on the Bonds and the servicing fee and external accounting costs of the Utility) will be approximately

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 18 of 76

Cause No. PUD 202100076- Final Financing Order

Page 16 of 46

\$750,000 for the first year following the issuance of the Bonds (assuming the Utility is the initial servicer), but many ongoing costs will not be known until they are incurred. The Utility has proposed an annual servicing fee equal to 0.05% of the original principal amount of the Bonds for acting as initial servicer. This fee will be fixed for the life of the Bonds and continuing thereafter until all WSC Charges have been billed and collected or written off as uncollectible as long as the Utility continues to act as servicer. In addition, the Utility, as initial servicer, has requested that it should be entitled to receive reimbursement for its out-of-pocket costs for external accounting services to the extent external accounting services are required by the servicing agreement, as well as for other items of cost (excluding external information technology costs, bank wire fees and legal fees, which are part of the servicing fee) that will be incurred annually to support and service the Bonds after issuance. As later discussed, the Utility is directed to include the servicing fee, as well as servicing costs, as part of the Utility's subsequent general rate proceeding, as applicable, to ensure that the Utility does not collect more than its incremental costs.

In the event that a servicer default occurs, the Authority, or the bond trustee acting at the direction of a majority of the bondholders, will be permitted to appoint a successor servicer. The compensation of the successor servicer will be what is required to obtain the services under the servicing agreement. As previously discussed, the Financial Advisor has recommended that the Commission approve a fee up to 0.60% of the initial principal balance of the Bonds in case a successor needs to be appointed, unless the ODFA can reasonably demonstrate to the Commission, in a subsequent proceeding, that the services cannot be obtained at that compensation level under the market conditions at that time. As stated in Part V(C), the Commission authorizes an annual successor servicing fee up to 0.60% of the initial balance of the Bonds conditioned upon the ODFA having justification for agreement of such servicing fee and satisfaction that the servicing fee will not adversely affect the then-current ratings on the related Bonds. Moreover, should the successor servicer seek a servicing fee higher than 0.60%, such fee is not approved. Any servicing fee higher than 0.60% requires Commission approval in a subsequent proceeding. The Commission approves these servicing arrangements.

As set forth herein, the ODFA, the Utility and the Commission should be and are permitted to recover from WSC Charges their ongoing financing costs, as requested by the Utility and ODFA, subject to the cap on the annual servicing fee and conditions described above.

VII. FINDINGS OF FACT

Based on a review of the entire record in this Cause, including a thorough review of all the evidence, exceptions, response(s) to the exceptions, and all arguments of counsel, the Commission makes the following findings of fact.

A. Identification and Procedure

Identification of Applicant and Background

1. PSO is an investor-owned electric public utility that owns and operates plant, property, and other assets used for the generation, production, transmission, distribution, and sale of electric power and energy in the states of Oklahoma. PSO is incorporated in the State of Oklahoma and is subject to the regulatory authority of the Commission with respect to its retail

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 19 of 76

Cause No. PUD 202100076- Final Financing Order

Page 17 of 46

rates and charges for sales of electricity made within the State of Oklahoma.

2. In February 2021, Oklahoma experienced an extreme weather event that brought nearly two weeks of record cold temperatures to the state. The extreme cold weather resulted in a shortage of natural gas supply, the failure of certain infrastructure, and enhanced demand for natural gas and electric power. The extreme weather conditions resulted in the Utility incurring extreme purchase costs, extraordinary costs or both that would be mitigated by issuing the Bonds.

Procedural History

- 3. On April 28, 2021, PSO filed its Application in this Cause, for approval of a Financing Order for the Collection of Increased Costs, caused by the extreme winter weather and contained in the Regulatory Asset Authorized by Order 717652, including an appropriate carrying cost, and such other relief as the Commission deems PSO is entitled.
- 4. Also on April 28, 2021, the Attorney General filed an Entry of Appearance on behalf of Jared B. Haines and A. Chase Snodgrass.
- 5. On April 29, 2021, PUD filed a Motion to Engage a Financial Advisor(s) or Other Consultants, along with a Notice of Hearing setting the Motion to Engage a Financial Advisor(s) or Other Consultants for hearing on May 6, 2021.
- 6. On May 4, 2021, OIEC filed an Entry of Appearance on behalf of Thomas P. Schroedter.
- 7. On May 6, 2021, the Motion to Engage a Financial Advisor(s) Or Other Consultants was heard and recommended.
- 8. On May 7, 2021, Walmart filed an Entry of Appearance on behalf of Rick D. Chamberlain.
- 9. On May 11, 2021, Order No. 718291, Order Granting PUD's Motion to Engage a Financial Advisor(s) or Consultants was issued.
- 10. On May 12, 2021, AARP filed an Entry of Appearance on behalf of Deborah R. Thompson.
- 11. Also on May 12, 2021, PSO filed a Motion to Determine Carrying Costs, along with a Notice of Hearing setting the Motion to Determine Carrying Costs for hearing on May 20, 2021.
- 12. Also on May 12, 2021, the Affidavit of Matthew A. Horeled in Support of Motion to Establish Regulatory Asset was filed.
- 13. On May 19, 2021, the Attorney General's Response to PSO's Motion to Determine Carrying Costs and the OIEC's Response to PSO's Motion to Determine Carrying Costs were filed.

- 14. On May 20, 2021, the Motion to Determine Carrying Costs was heard before the ALJ, in which the ALJ recommended denial of the request.
- 15. On June 9, 2021, Order No. 718800, Order Denying Motion to Determine Carrying Costs was issued.
- 16. On June 10, 2021, the Motion to Engage a Financial Advisor(s) or Other Consultants was heard and recommended by the ALJ.
- 17. On August 16, 2021, PSO filed a Motion for Procedural Order and a Motion for Protective Order, along with Notices of Hearing setting the Motion for Procedural Order and the Motion for Protective Order for hearing on August 26, 2021.
- 18. On August 16, 2021, the following witnesses filed direct testimony on behalf of PSO: Darryl Jackson; Keith Helwig; Clinton M. Stutler; Heather M. Whitney; Jason M. Stegall; David A Hodgson; Shawnna G. Jones; Matthew A. Horeled; and William H. Thompson.
 - 19. On August 17, 2021, Public Comment was filed.
- 20. On August 18, 2021, PSO filed a Motion to Determine Notice, along with a Notice of Hearing setting the Motion to Determine Notice for hearing on August 26, 2021.
- 21. On August 26, 2021, the Motion for Protective Order and the Motion to Determine Notice were heard and recommended by the ALJ, and the Motion for Procedural Order was continued by agreement of the parties to September 2, 2021.
- 22. On September 2, 2021, the Motion for Procedural Order was heard and recommended by the ALJ.
- 23. On September 9, 2021, Order No. 720475, Order Granting Motion for Protective Order, was issued.
- 24. On September 16, 2021, Order No. 720639, Order Granting Motion for Procedural Order, and Order No. 720640, Order Granting Motion to Determine Notice, were issued.
- 25. On October 21, 2021, the following responsive testimonies were filed by: Todd F. Bohrmann on behalf of the Attorney General; Isaac D. Stroup, JoRay McCoy, and Michael Bartolotta on behalf of PUD; and James P. Mosher, Mark E. Garrett, and Brian C. Collins on behalf of OIEC.
- 26. On October 28, 2021, the Supplemental Responsive Testimony of Michael Bartolotta on behalf of PUD was filed.
- 27. On November 3, 2021, AARP filed a Motion to Late-File Statement of Position, along with a Notice of Hearing setting the Motion for hearing on November 11, 2021.
 - 28. On November 5, 2021, AARP filed an Amended Notice of Hearing setting the

Page 19 of 46

Motion to Late-File Statement of Position for hearing on November 9, 2021.

- 29. On November 9, 2021, the Motion to Late-File Statement of Position was heard and recommended by the ALJ.
- 30. On November 12, 2021, the Rebuttal Testimonies of Matthew A. Horeled, Daryll Jackson, Shawnna G. Jones, Clinton M. Stutler, and William H. Thompson on behalf of PSO were filed.
 - 31. On November 16, 2021, Order No. 721658, Order Granting Leave was issued.
- 32. On November 17, 2021, Public Comment was filed. Also on November 17, 2021, AARP filed its Statement of Position.
 - 33. On December 7, 2021, the following documents were filed:
 - a) On behalf of PSO, the testimony summaries of Jason M. Stegall; William H. Thompson; Keith Helwig; Matthew A. Horeled; Shawnna G. Jones; Clinton M. Stutler; Heather M. Whitney; David A. Hodgson; Daryll Jackson; Shawnna G. Jones; and Clinton M. Stutler.
 - b) On behalf of PUD, the testimony summaries of Michael Bartolotta, JoRay McCoy, and Isaac D. Stroup.
 - c) Summary of the Responsive Testimony and Exhibits of Lisa V. Perry on behalf of Walmart.
 - d) On behalf of OIEC, testimony summaries of Brian C. Collins, Mark E. Garrett, and James P. Mosher.
 - e) Summary of Responsive Testimony of Todd F. Bohrmann on behalf of the Attorney General.
 - f) Summary of AARP Statement of Position.
- 34. Also on December 9, 2021, the Pre-Hearing Conference was stricken, and the Hearing on the Merits was continued by agreement of the parties to December 14, 2021.
- 35. On December 10, 2021, OIEC filed an Entry of Appearance on behalf of Kenyon D. Williams, Jr. Also on December 10, 2021, a Notice of Hearing was filed setting a Pre-Hearing Conference for hearing on December 16, 2021.
- 36. On December 14, 2021, the Hearing on the Merits was continued by agreement of the parties to December 17, 2021.
 - 37. On December 16, 2021, a Pre-Hearing Conference conducted by the ALJ.
 - 38. On December 17, 2021, the Hearing on the Merits was continued by agreement of

Page 20 of 46

the parties to January 3, 2022.

- 39. On January 3, 2022, the Hearing on the Merits was continued by agreement of the parties to January 5, 2022.
 - 40. Also on January 3, 2022, Public Comment was filed.
 - 41. On January 4, 2022, a Joint Stipulation and Settlement Agreement was filed.
- 42. Also on January 4, 2022, the Testimony in Support of Joint Stipulation and Settlement Agreement of Matthew A. Horeled on behalf of PSO, the Settlement Testimony of Brian C. Collins on behalf of OIEC, Testimony in Support of Joint Stipulation and Settlement Agreement of JoRay McCoy on behalf of PUD, and the Joint Stipulation Exhibit HMW-1 were filed.
- 43. Also on January 4, 2022, AARP's Statement on Joint Stipulation and Settlement Agreement was filed.
- 44. On January 5, 2022, this Cause came on for hearing and was heard by the ALJ. The ALJ recommended approval of the Settlement Agreement.
 - 45. On January 6, 2022, PSO filed a Comparison Exhibit.
- 46. Also on January 6, 2022, the Attorney General filed a Withdrawal of Counsel on behalf of A. Chase Snodgrass.
- 47. On January 7, 2022, an Amended Joint Stipulation and Settlement Agreement ("Settlement Agreement") and Signatory Pages for the Settlement Agreement were filed.
- 48. On January 28, 2022, the Proposed Order and Recommendation of the ALJ was filed, as amended on February 1, 2022.
- 49. On February 2, 2022, AARP filed its Exceptions to the Proposed Order ("Exceptions)".
 - 50. On February 4, 2022, PSO and OIEC filed responses to the Exceptions.

B. Summary of Evidence

Documents filed in this Cause are contained in records kept by the Court Clerk of the Commission. Testimony was offered at the hearing conducted on January 5, 2022. The entirety of the testimony offered is contained in the transcripts of these proceedings. The testimony in support of the Settlement Agreement and testimony summaries contained in Attachment "A" and the Statements of Position contained in Attachment "B" of the Amended Proposed Order and Recommendation of the ALJ are incorporated herein by reference. The full record of this Cause includes all items within the definition of "record" as set forth in OAC 165:5-1-3.

C. Approval of the Settlement Agreement

Page 21 of 46

- 51. The Settlement Agreement represents a resolution of issues in this Cause between and among the Stipulating Parties (PSO, PUD, OIEC, Attorney General, and Walmart), which includes the WSC Rider.
- 52. Testimony in support of the Settlement Agreement was filed by PSO, PUD and OIEC through witnesses Matthew Horeled, JoRay McCoy and Brian C. Collins, respectively. In addition, the Financial Advisor testified at the hearing as an expert witness without taking a position on the Settlement Agreement. In the hearing held January 5, 2022, witnesses provided testimony in support of the Settlement Agreement and all parties, including AARP who was not a Stipulating Party, were provided the opportunity to conduct cross-examination. At the conclusion of this hearing, all pre-filed testimony was admitted into the record without objection.
- 53. In Paragraph 1(B) of the Settlement Agreement, the Stipulating Parties recommended that PSO should recover \$675.2 million of the estimated total extreme purchase costs. The Stipulating Parties further agreed that the \$675.2 million in extreme purchase costs related to natural gas and wholesale energy procurement should be deemed prudent and recoverable. Witnesses Horeled and Stutler described, at the hearing and in pre-filed testimony, the operational challenges presented by the 2021 Winter Weather Event and the procurement practices PSO followed during that event. Witness McCoy testified regarding PUD's prudence review pursuant to the Commission's rules and the extreme and unique nature of the 2021 Winter Weather Event. He testified that PSO acted in accordance with its Fuel Supply Portfolio and Risk Management Plan during the 2021 Winter Weather Event. After considering the testimony provided at the hearing and the evidentiary record, the Commission finds the extreme purchase costs in the amount of \$675.2 million would otherwise be recoverable from customers as fair, just and reasonable expenses, were prudently incurred, and those costs should be securitized.
- 54. The February 2021 Winter Weather Event swept in fast, causing unprecedented low temperatures.
- PSO during the February 2021 Winter Weather Event. The prudence of a utility's action is based on whether the action was reasonable given the information the Utility's management knew or should have known at the time the decision was made. Prudence inquiries involve a determination of whether the utility's management made a reasonable decision in light of the circumstances existing at the time of the decision and the knowledge of such circumstances management had or should have had. Horeled Rebuttal Testimony P. 7 ls. 1-2. The actions taken by PSO personnel in league with the SPP were important factors in the provision of safe, reliable service to PSO customers. Fuel and purchased power were prudently procured at reasonable cost based on the mechanisms available at the time. Horeled Rebuttal Testimony P. 10 ls. 4-5.
- 56. In Paragraph 1(A) of the Settlement Agreement, the Stipulating Parties requested that the Commission find that PSO has provided the requisite information specified in Section 4(A) of the Act (74 Okla. Stat. § 9073(A)) and that, pursuant to Section 4(C) of the Act (74 Okla. Stat. § 9073(C)), that securitization would provide benefits to customers as compared to traditional utility financing. In pre-filed and oral testimony, witnesses Horeled and McCoy testified that customers benefitted from the lower costs of securitization as compared to traditional utility financing. In his pre-filed testimony, PSO witness Thompson includes Exhibit WHT-2 that compares the costs of a 20-year term for securitization as compared to traditional utility financing

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 24 of 76

Cause No. PUD 202100076- Final Financing Order

Page 22 of 46

and demonstrates that securitization provides a significant savings for customers. Both PSO and PUD witnesses testified that PSO had complied with the requirements of the Act regarding the provision of necessary information. Based on a review of the record, the Commission concludes there is substantial evidence to support findings that PSO provided the information required within the Act and that securitization is beneficial to customers and, thus, in the public interest.

- In Paragraph 1(B) of the Settlement Agreement, the Stipulating Parties requested that the Commission issue a financing order for the securitization of approximately \$675.2 million and authorizing a 20-year amortization for cost recovery or longer or shorter term to obtain the most favorable terms for customers that will result in the lowest reasonable monthly charge for customers. The Stipulating Parties agreed that \$675.2 million recommended for securitization is an estimate and may fluctuate depending on final costs and carrying costs incurred until securitization. Both PSO and PUD witnesses provided testimony in support of a securitization amount of approximately \$675.2 million. The Financial Advisor provided information concerning the use of securitization generally, the proposed bond structure and associated transaction documents used to issue the bonds, the provisions of the proposed financing order, related bond costs, and the servicing arrangements associated with the bond issuance. While the Stipulating Parties recommended a term for the bonds of 20 years, the provisions of the Settlement Agreement allow the ODFA to adopt a longer or shorter financing period if that is found to be advantageous to customers and will result in the lowest reasonable monthly charge. The Financial Advisor further testified that the final decision regarding the term of the bonds will be made by the ODFA after the issuance of this Order. The Commission finds there is substantial evidence to support issuing this Order as requested by the Stipulating Parties, except as otherwise modified herein.
- 58. In Paragraph 1(G) of the Settlement Agreement, the Stipulating Parties agreed that PSO will use its best efforts to pursue the Southwest Power Pool ("SPP") make-whole payments and resettlement amounts. Witness Horeled stated PSO will make best efforts to comply with 74 Okla. Stat. § 9073(G) regarding SPP payments and any insurance proceeds received. Pursuant to Paragraph 1 (G), any funds related to the event that are received by PSO or if any actual amounts are lower than estimated, such amounts shall be credited to customers. The Commission finds the provisions of Paragraph 1 (G) of the Settlement Agreement to be in the public interest, as further detailed in Finding of Fact No. 133.
- 59. In Paragraph 1(D) of the Settlement Agreement, the Stipulating Parties recommended that the Commission find the carrying charge on the regulatory asset balance containing the extreme purchase costs shall be based on the 0.75% interim rate authorized by the Commission and may be adjusted to reflect actual costs of credit facilities, loan agreements, or other debt financing related to the deferred costs of the 2021 Winter Weather Event. Witness Horeled provided pre-filed and oral testimonies affirming the Utility's agreement to the 0.75% carrying charge. The Commission finds this provision to be in the public interest.
- 60. In Paragraph 1(H) of the Settlement Agreement, the Stipulating Parties agreed that PSO will engage in discussions with stakeholders regarding methods to mitigate the costs of future cold weather events. Specifically, PSO agrees to discuss mitigation of natural gas price volatility and future cold weather events and to evaluate the use of natural gas storage services as well as physical and financial hedging. Also, PSO agrees to revise its next fuel supply portfolio and risk management plan to address natural gas storage practices and procurement practices not based solely on daily index pricing. In his pre-filed and oral testimonies, witness Horeled affirmed PSO's

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 25 of 76

Cause No. PUD 202100076- Final Financing Order

Page 23 of 46

agreement to engage in these stakeholder activities regarding evaluation of natural gas storage and procurement practices. The Commission finds this provision to be in the public interest.

- 61. Additionally, considering a history of plentiful gas supplies with no indication of the severity of the 2021 Winter Weather Event that was about to occur, PSO proceeded to use its monthly and daily contracting methods. PSO followed its fuel policies and procedures during the event. McCoy Responsive at P. 13 ls. 1-3.
- 62. PSO did not see the need to physically hedge natural gas supply in early 2021 based upon several factors including historical gas consumption during the winter months, low natural gas spot prices entering 2021, as well as mild January temperatures with expectations for the same in February and March. PSO relying on spot natural gas purchases during the months of January, February and March is consistent with prior practices. The Utility's focus during the February 2021 Winter Weather Event was to keep the power flowing to ensure reliability for the benefit of the public.
- 63. In Paragraph 1(E) of the Settlement Agreement, the Stipulating Parties recommended an allocation and rate design methodology to allocate costs to the individual Service Levels. AARP took issue with the allocation methodology adopted by the Settlement Agreement in that the use of a day-by-day allocation of costs (as opposed to all costs and all kWhs consumed during the event) results in a shift of approximately \$30 million in additional costs to the residential class (or approximately \$0.29 per month). The methodology adopted under the Stipulation Agreement is based on the pre-filed testimony of OIEC witness Collins.
- 64. PSO Witness Jones agreed the application of the energy allocation methodology to each day of the 2021 Winter Weather Event, as opposed to over the full term of the event in aggregate, was a legitimate allocation method as this methodology provided a more granular and, hence, a more exact method to assign costs of the 2021 Winter Weather Event. She also testified that PSO's initial request to allocate costs incurred during the event on a kWh basis was consistent with how PSO normally allocates its costs in its fuel clause and that the day-by-day allocation is a departure from standard treatment.
- 65. PSO Witness Jones also testified regarding the estimated customer impact of the Settlement Agreement. In reducing the securitized amount to \$688 million, reducing the carrying charge, and incorporating the cost allocation changes of OIEC Witness Collins, the estimated customer impact on the average residential customer is approximately \$4.06 per month.
- 66. In Paragraph 1(F) of the Settlement Agreement, the Stipulating Parties requested that the WSC Rider be approved by this Commission. PSO Witness Jones detailed the various provisions of the WSC Rider. Both PUD and PSO provided testimony in support of this mechanism. The Commission agrees that the WSC Rider is just and reasonable and should be approved. The Commission finds that the terms and conditions of the WSC Rider shall comply in all respects with, and be subject to, the terms and conditions of this Order, and if there is a conflict between the terms and conditions of the WSC Rider and those of this Order, the terms and conditions of this Order shall control.
- 67. Section II of the Settlement Agreement contains the typical language found in stipulations and settlement agreements filed at the Commission, and the Commission finds the provisions of Section II to be reasonable.

Page 24 of 46

D. Amount to be Financed

Approval of Qualified Costs and Amount of Bonds

- 68. The Commission has determined that the Utility has incurred 2021 Winter Weather Event related qualified costs in the aggregate amount of \$675.2 million, plus carrying costs based on the actual costs of credit facilities, loan agreements or other debt financing used to finance the deferred cost related to the event, and that these qualified costs (collectively, "Weather-Related Qualified Costs"), together with bond issuance costs as described in Part VI of this Order comprise the Approved Qualified Costs. The Approved Qualified Costs are approved for recovery, and are eligible for recovery through the issuance of the Bonds under the Act.
- 69. The ODFA is authorized to issue the Bonds in an amount equal to the sum of the Weather-Related Qualified Costs approved in this Order plus the carrying costs and bond issuance costs approved in this Order. Such sum, estimated at \$688 million, is hereinafter referred to in this Order as the "Authorized Amount".

Bond Issuance Costs and Ongoing Financing Costs

- 70. Bond issuance costs (as more fully described in Part VI of this Order) are those that will be incurred in advance of, or in connection with, the issuance of the Bonds, and will be recovered or reimbursed from proceeds of the Bonds (or, if necessary, from WSC Charges as described in Finding of Fact No. 79 below).
- 71. ODFA has no control over bond issuance costs incurred pursuant to a financing order under the Act, apart from ODFA-related issuance costs. The only bond issuance costs to be incurred directly by the Utility are servicer set up costs, costs related to regulatory proceedings, miscellaneous administrative costs, external servicing costs and the costs of Utility's accountants, and financial and legal advisors, which are referred to as Utility Issuance Costs. The Non-Utility Issuance Costs will be outside the control of the Utility because the issuer of the Bonds, the ODFA, is an instrumentality of the state. The Commission will have control over Utility Issuance Costs through its jurisdictional control over the Utility, but in a manner which does not affect the securitization property.
- 72. Ongoing financing costs (as more fully described in Part VI of this Order) are those costs, in addition to debt service on the Bonds, that will be incurred annually to manage, service and administer the Bonds.
- 73. Other than the servicing fee (which will cover external information technology costs, bank wire fees and the fees of the Utility's legal counsel), the ongoing financing costs that will be incurred in connection with a financing are outside the control of ODFA, since ODFA cannot control the administrative, legal, rating agency and other fees to be incurred by the Utility on an ongoing basis. However, the Commission will have control over some of these ongoing financing costs through its jurisdictional control over the Utility, but in a manner which does not affect the securitization property.
 - 74. The actual bond issuance costs and certain ongoing financing costs will not be

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 27 of 76

Cause No. PUD 202100076- Final Financing Order

Page 25 of 46

known until on or about the date the Bonds are issued; other bond issuance and ongoing financing costs may not be known until such costs are incurred.

- 75. The Utility has provided estimates of its Utility Issuance Costs which costs shall be capped in an amount not to exceed \$700,000. The Financial Advisor has provided an estimate of Non-Utility Issuance Costs were estimated at \$6,320,000. These costs will not be capped.
- 76. The Utility and PUD, through the testimony of the Financial Advisor, have also provided estimates of ongoing financing costs for the first year following the issuance of the Bonds to be approximately \$750,000 if the Utility is the initial servicer.
- 77. The ODFA and the Utility shall report to the Commission through PUD, as set forth in the Issuance Advice Letter, the final estimates of bond issuance costs and ongoing financing costs for the first year following issuance.
- 78. The ODFA's and the Utility's actual or estimated issuance costs, each as specified in the Issuance Advice Letter, shall be paid as follows: the ODFA will pay its Non-Utility Issuance Costs from the proceeds of the Bonds, and the Utility will pay (or reimburse itself) for its Utility Issuance Costs from the net proceeds of the Bonds paid for the purchase price of the securitization property, all at or shortly after the delivery of the Bonds.
- 79. Within 90 days of the issuance of the Bonds, the ODFA and the Utility will submit to the Commission, by submitting to PUD, a final accounting of their respective issuance costs. If the Utility's actual issuance costs are less than the issuance costs included in the principal amount financed, the revenue requirement for the first semi-annual true-up adjustment shall be reduced by the amount of such unused funds (together with income earned thereon) and the Utility's unused funds (together with income earned thereon) shall be applied to the Utility's ongoing financing costs. If the ODFA's actual issuance costs are less than those estimated, the amount will be recognized as a credit in the true-up adjustment as part of the WSC Rider. If ODFA's final issuance costs are more than the estimated issuance costs included in the principal amount financed, ODFA may recover the remaining issuance costs through a true-up adjustment. However, such recovery will be subordinate to the payment of debt service on the Bonds and related financing costs during the true-up period. The Utility's Issuance Costs are capped under this Order. A failure to provide such report will in no way affect the validity of or security for the Bonds.

E. Customer Benefits

- 80. The Act requires the Commission to consider whether the recovery of 2021 Winter Weather Event Costs by the Utility through the issuance of the Bonds will result in substantial revenue requirement savings as compared to conventional financing methods, a longer amortization schedule to pay the Bonds than would ordinarily be practicable or feasible for the Utility for such recovery and the ability to issue Bonds at a cost which would not exhaust the potential savings.
- 81. As described in the testimonies of PSO Witness Thompson and the Financial Advisor, and in this Order, the Commission is satisfied the Utility has demonstrated that the proposed financing will satisfy each of these criteria.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 28 of 76

Cause No. PUD 202100076- Final Financing Order

Page 26 of 46

F. Structure of the Proposed Financing

The Utility

- 82. PSO is an investor-owned electric public utility that owns and operates plant, property, and other assets used for the generation, production, transmission, distribution, and sale of electric power and energy in Oklahoma. PSO is incorporated in the State of Oklahoma and is subject to the regulatory authority of the Commission with respect to its retail rates and charges for sales of electricity made within the State of Oklahoma.
- 83. The Utility will enter into a sale agreement with the ODFA, under which the ODFA will purchase from the Utility the securitization property in consideration of the net proceeds of the Bonds.
- 84. The Utility shall not seek to recover the Approved Qualified Costs covered by this Order, except through the transfer of securitization property as provided in the Act in exchange for proceeds of a bond issuance, which shall offset and complete the recovery of these costs for the Utility.
- 85. The Utility will service the securitization property pursuant to a servicing agreement with the Authority.

ODFA/AUTHORITY

- 86. ODFA is a public trust created by a Declaration of Trust, dated November 1, 1974, as amended, for the furtherance of public purposes and the benefit of the State of Oklahoma pursuant to the provisions of the Authority Act, as amended by the Act, and is authorized to issue ratepayer-backed bonds under the Act. The Authority is an instrumentality of the State of Oklahoma and operates to perform the essential government function of financing utility qualified costs with low-cost capital. The Authority is not an agent of the State and has a legal existence separate and distinct from the State of Oklahoma.
- 87. ODFA may issue the Bonds as described in this Order in an aggregate amount not to exceed the Authorized Amount, and ODFA will assign and pledge to the bond trustee, as collateral for payment of the Bonds, the securitization property, including ODFA's right to receive the WSC Charges as and when collected, and any other collateral under the indenture.

Structure, Security, and Documents

- 88. The Bonds should be issued in one or more series, and in one or more tranches for each series, in an aggregate amount not to exceed the Authorized Amount.
- 89. Pursuant to the Act, as security to pay the principal of and interest on the Bonds and other ongoing financing costs—the ODFA will pledge its interest in the securitization property created by this Order, the Act and by certain other collateral, including its rights under the servicing agreement. The securitization property and other bond collateral will be sufficient to ensure the payment of the principal of and interest on the Bonds, together with ongoing financing costs on a

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 29 of 76

Cause No. PUD 202100076- Final Financing Order

Page 27 of 46

timely basis.

- 90. Pursuant to the Act, the Bonds will be issued pursuant to the indenture administered by the bond trustee, as described in Part V of this Order. The provisions of the indenture, pursuant to which a collection account and its subaccounts, and such additional accounts as may be required in connection with any additional collateral, will be created in the manner described in Part V of this Order, are reasonable. The Commission is persuaded by the evidence in the record that the provisions of the indenture as further set forth in this Order will provide for lower risks to be associated with the financing and thus lower the costs to customers, and should, therefore, be approved.
- 91. Pursuant to the Act, the Authority will direct the State Treasurer to deposit all revenue received with respect to securitization property and required to be deposited by the State Treasurer into the Regulated Utility Consumer Protection Fund (the "Consumer Protection Fund") with the bond trustee and applied as provided in the indenture, in a manner consistent with obtaining the highest possible ratings on the Bonds.
- 92. Pursuant to the Act, ODFA will prepare, or cause to be prepared, a proposed form of an Indenture, an Administration Agreement (if requested by the Authority), a Sale Agreement and a Servicing Agreement (collectively, the "Transaction Documents"), which set out in substantial detail certain terms and conditions relating to the financing and security structure. Each of the Transaction Documents will be reviewed and approved by the Utility, the ODFA and the State Deputy Treasurer for Policy and Debt Management. The forms of the Transaction Documents will also be submitted to PUD for its review and comment.
- 93. Pursuant to the Act, ODFA will also prepare, or cause to be prepared, a preliminary official statement, substantially in the form of an official statement to be delivered on the date of pricing of the Bonds, omitting only such information as permitted by federal securities laws, rules and regulations, to be used by the Utility and the ODFA in connection with the offering and sale of the Bonds. The official statement will be reviewed and approved for use by the Utility, the ODFA and the State Deputy Treasurer for Policy and Debt Management. The Utility will cooperate with ODFA in the preparation of the official statement and provide all information to the ODFA required to comply with applicable federal securities laws and make representations with respect to the information provided to ODFA for inclusion in the preliminary official statement and final official statement.

Credit Enhancement and Arrangements to Enhance Marketability

- 94. The Utility has not requested approval of floating rate bonds or any hedges or swaps which might be used in connection therewith.
- 95. The Financial Advisor has testified that in current market conditions, it is uncertain whether the benefits of an interest rate swap related to the Bonds will outweigh the costs and risks in this particular case of researching and preparing the swap that could result in lower WSC Charges.
- 96. An interest rate swap related to the Bonds could expose customers to greater risks in relation to the WSC Charges and the ability of the swap counterparty to meet its obligations.

Page 28 of 46

- 97. The Commission agrees with the Financial Advisor that the use of floating rate debt and swaps or hedges is not advantageous or cost effective for customers.
- 98. The Utility has not requested that additional forms of credit enhancement (including letters of credit, overcollateralization accounts, surety bonds, or guarantees) and other mechanisms designed to promote the credit quality and marketability of the Bonds be used. The Financial Advisor has testified that the Authority should have the flexibility to utilize such additional credit enhancements if such arrangements are reasonably expected to result in net benefits to customers. The Financial Advisor has recommended that the costs of any credit enhancements as well as the costs of arrangements to enhance marketability be included in the amount of issuance costs to be financed.
- 99. ODFA should be permitted to use, and to recover the Bond issuance costs and ongoing financing costs associated with, credit enhancements and arrangements to enhance marketability, if it determines, with the advice of the Financial Advisor and with the approval of the State Deputy Treasurer for Policy and Debt Management, that such enhancements and arrangements provide benefits greater than their tangible and intangible costs. The use of such credit enhancement shall be described in the Issuance Advice Letter.

Servicer and the Servicing Agreement

- The Utility will execute a servicing agreement with ODFA, as described in Part V of this Order. The servicing agreement may be amended, renewed or replaced by another servicing agreement, provided that any such amendment, renewal or replacement will not cause any of the then-current credit ratings of the Bonds to be suspended, withdrawn or downgraded. The Utility will be the initial servicer but may be succeeded as servicer by another entity under certain circumstances detailed in the servicing agreement. Pursuant to the servicing agreement, the servicer is required, among other things, to collect the applicable WSC Charges for the benefit and account of the ODFA or its pledgees, to make the true-up adjustments of WSC Charges required or allowed by this Order, and to account for and remit the applicable WSC Charges to or for the account of the ODFA or its pledgees in accordance with the remittance procedures contained in the servicing agreement without any charge, deduction or surcharge of any kind (other than the servicing fee specified in the servicing agreement). Under the terms of the servicing agreement, if any servicer fails to perform its servicing obligations in any material respect, the ODFA, or, the bond trustee upon the instruction of the requisite percentage of holders of the outstanding amount of the Bonds ("requisite bondholders"), shall be authorized to appoint an alternate party to replace the defaulting servicer, in which case the replacement servicer will perform the obligations of the servicer under the servicing agreement. The obligations of the servicer under the servicing agreement and the circumstances under which an alternate servicer may be appointed are more fully described in the servicing agreement. The rights of ODFA under the servicing agreement will be included in the collateral assigned and pledged to the bond trustee under the indenture for the benefit of holders of the Bonds.
- 101. The servicer shall remit actual WSC Charges received to the bond trustee within two servicer business days of receipt according to the methodology described in the servicing agreement.

Page 29 of 46

- 102. The Utility, as initial servicer, will be entitled to an annual servicing fee fixed at 0.05% of the initial principal amount of the Bonds. In addition, the Utility, as initial servicer, shall be entitled to receive reimbursement for its out-of-pocket costs for external accounting services to the external accounting services are required by the servicing agreement, as well as for other items of cost (excluding external information technology costs, bank wire fees and legal fees, which are part of the servicing fee) that will be incurred annually to support and service the Bonds after issuance. The servicing fees collected by the Utility, or by any affiliate of the Utility acting as the servicer, under the servicing agreement shall be included as an identified revenue credit and reduce revenue requirements for the benefit of the customers in its next rate case following collection of said fees. The expenses of acting as the servicer shall likewise be included as a cost of service in any such utility rate case. In this Order, the Commission approves the servicing fee as described herein. The Commission further approves, in the event of a default by the initial servicer resulting in the appointment of a successor servicer, a higher annual servicing fee of up to 0.60% of the initial principal balance of the Bonds conditioned upon the ODFA having justification for agreement of such servicing fee and satisfaction that the servicing fee will not adversely affect the then-current ratings on the related Bonds. The ODFA may request to pay a servicing fee higher than 0.60% if it can reasonably demonstrate to the Commission, in a subsequent proceeding, that the services cannot be obtained at a compensation level lower than 0.60% under the market conditions at that time. The obligations to continue to collect and account for WSC Charges will be binding upon the Utility, its assigns and successors and any other entity that provides transmission and distribution electric services or, in the event that transmission and distribution electric services are not provided by a single entity, any other entity providing electric distribution services to the customers. The Commission will enforce the obligations imposed by this Order, its applicable substantive rules, and statutory provisions to ensure the nonbypassability of the WSC Charge.
- 103. No provision of this Order shall prohibit the Utility from selling, assigning or otherwise divesting any of its transmission or distribution system or any facilities providing service to the customers, by any method whatsoever pursuant to law, including those specified in Ordering Paragraph 31 pursuant to which an entity becomes a successor, so long as each entity acquiring such system or portion thereof agrees to continue operating the facilities to provide service to the customers and collect the WSC Charges under the existing servicing agreement, subject to ODFA approval.
- 104. The servicing arrangements described in Findings of Fact Nos. 100 through 103 are reasonable, will contribute to the reduction of risk associated with the proposed financing and, based on the testimony of the Financing Advisor, should, therefore, result in lower WSC Charges and greater benefits to the customers and should be approved.

Ratepayer-Backed Bonds

- 105. Pursuant to the Act, ODFA may issue and sell the Bonds in one or more series, and each series may be issued in one or more tranches in an aggregate principal amount not exceeding the Authorized Amount. ODFA, with the advice of the Financial Advisor and with the approval of the State Deputy Treasurer for Policy and Debt Management, will determine and approve the final terms of the Bonds consistent with the terms of this Order.
 - 106. The scheduled final payment date of any series of the Bonds is not expected to

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 32 of 76

Cause No. PUD 202100076- Final Financing Order

Page 30 of 46

exceed 20 years from the date of issuance of such Bonds. The legal final maturity date of any series of the Bonds will not be more than two years after the scheduled final payment date. The scheduled final payment date and legal final maturity date of each series and tranche within a series and amounts in each series will be finally determined by the ODFA, consistent with market conditions and indications of the rating agencies and with the advice of the Financial Advisor and the State Deputy Treasurer for Policy and Debt Management, at the time the Bonds are priced.

- 107. The Bonds will be amortized using a substantially level annual debt service, mortgage-style structure.
 - 108. The weighted average interest rate on the Bonds will not exceed 6.0% per annum.
- 109. The Utility may file a new request for a subsequent financing order under the Act for the Utility to retire or refund the Bonds approved in this Order, after proper notice and hearing, and upon a showing that the Customers would benefit and that such a financing is consistent with the terms of the outstanding Bonds as permitted by 74 Okla. Stat. § 9077(D).
- 110. The Commission finds that the foregoing parameters for the Bonds will aid in the best efforts to allow customers to enjoy substantial revenue requirement savings and rate mitigation benefits as required by the Act.

WSC Charges—Imposition and Collection and Nonbypassability

- 111. The Stipulating Parties seek to impose on and to collect from all customers, WSC Charges in an amount sufficient to provide for the timely recovery of its costs approved in this Order (including payment of scheduled principal of and interest on the Bonds and ongoing financing costs related to the Bonds on a timely basis). The Utility will seek to bill and collect the WSC Charges, as servicer on behalf of ODFA, until the Bonds issued pursuant to this Order are paid in full and all ongoing financing costs of the Bonds have been recovered in full.
- 112. WSC Charges collected pursuant to the WSC Rider shall be a separate line-item on the monthly bill of the customer.
- 113. If any customer does not pay the full amount of any bill, the amount paid by the customer to the Utility will be applied pro-rata by the Utility based upon the total amount of the bill and the total amount of the WSC Charge. The foregoing allocation will facilitate a proper balance between the competing claims to this source of revenue in an equitable manner.
- Charges from all current and future customers of the Utility and any successor or assign of the Utility will be obligated to bill the WSC Charge to customers located at an address within this state and within the service area of the Utility as of the date of this Order in order to ensure its nonbypassability. The WSC Rider also describes features demonstrating how the WSC Charge will be nonbypassable to customers, even if such customers switch providers, change fuel sources or materially change usage. Customers who self-generate under the Utility's NEBO tariff will be assessed the WSC Charge based upon their gross usage. The Commission finds that such nonbypassability provisions are appropriate to result in an equitable allocation of qualified costs among customers and to make all reasonable efforts to secure the highest possible ratings for the

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 33 of 76

Cause No. PUD 202100076- Final Financing Order

Page 31 of 46

Bonds.

- 115. In the event that there is a fundamental change in the manner of regulation of public utilities, which allows third parties other than the servicer to bill and collect WSC Charges, the Commission shall to the utmost of its ability ensure that WSC Charges shall be billed, collected and remitted to the servicer in a manner that will not cause any of the then-current credit ratings of the Bonds to be suspended, withdrawn or downgraded.
- 116. The Utility's proposal related to the collection of WSC Charges, as servicer on behalf of the ODFA, is reasonable and consistent with the nonbypassability mechanism contemplated by the Act and should be approved.
- 117. The WSC Rider is consistent with the terms of this Order and is hereby approved. Such tariff provisions shall be filed before any Bonds are issued pursuant to this Order.

Periodic Payment Requirements and Allocation of Cost

- 118. The PPR is the required periodic payment for a given period due under the Bonds. As to be more fully specified in the bond documents, each PPR includes: (a) the principal amortization of the Bonds in accordance with the expected amortization schedule (including deficiencies of previously scheduled principal for any reason); (b) periodic interest on the Bonds (including any accrued and unpaid interest); (c) ongoing financing costs as described herein and (d) any deficiency in the DSRS. The initial PPR for the Bonds issued pursuant to this Order will be updated in the Issuance Advice Letter.
- 119. The PBR represents the aggregate dollar amount of WSC Charges that must be billed during a given period so that the WSC Charge collections will be timely and sufficient to meet the PPR for that period, based upon: (i) forecast usage data and base rate revenues for the period; (ii) forecast uncollectibles for the period; (iii) forecast lags in collection of billed WSC Charges for the period; and (iv) projected collections of WSC Charges pending the implementation of the true-up adjustment.
- 120. The Stipulating Parties' proposed allocation of the PBR between Service Levels as set forth in the WSC Rider is reasonable and should be approved

True-up of WSC Charges

- 121. The Stipulating Parties have proposed a true-up mechanism which is reasonable, consistent with the Act and is designed to obtain the highest possible ratings on the Bonds, and is approved as set forth in this Order.
- 122. The servicer of the Bonds will be required to make mandatory semi-annual adjustments (i.e., every six months, except for the first true-up adjustment period, which may be longer or shorter than six months, but in any event no more than nine months, and must be completed thirty (30) days prior to a date on which the PPR is determined) to the WSC Charges to:
 - (a) Correct any under collections or over collections (both actual and projected), for any reason, during the period preceding the next true-up adjustment date

Page 32 of 46

and

- (b) Ensure the projected recovery of amounts sufficient to provide timely payment of the scheduled principal of and interest on the Bonds and all ongoing financing costs (including any necessary replenishment of the DSRS) during the subsequent 12-month period (or in the case of quarterly true-up adjustments described below, the period ending the next Bond payment date). To the extent any Bonds remain outstanding after the scheduled maturity date of the last tranche of a series of Bonds, mandatory true-up adjustments shall be made quarterly until all Bonds and associated costs are paid in full.
- 123. The form of true-up letters attached as Appendix D and Appendix E to this Order are approved.
- 124. True-up submissions will take into account the cumulative differences, regardless of the reason, between the PPR (including scheduled principal and interest payments on the Bonds and ongoing financing costs) and the amount of WSC Charge remittances to the bond trustee. True-up procedures are necessary to ensure full recovery of amounts sufficient to meet on a timely basis the PPR over the scheduled life of the Bonds. In order to assure adequate WSC Charge revenues to fund the PPR and to avoid large over collections and under collections over time, the servicer will reconcile the WSC Charges using its most recent forecast of usage and demand and the Authority's estimates of financing costs. The calculation of the WSC Charges will also reflect both a projection of uncollectible WSC Charges and a projection of payment lags between the billing and collection of WSC Charges based upon the servicer's most recent experience regarding collection of WSC Charges.
- 125. The servicer will set the initial WSC Charges and make true-up adjustments to the WSC Charges based upon the WSC Rider.
- 126. The servicer may also make interim true-up adjustments more frequently at any time during the term of the Bonds: (i) if the servicer forecasts that WSC Charge collections will be insufficient to make all scheduled payments of principal, interest and other financing costs in respect of the Bonds during the current or next succeeding payment period or (ii) to replenish any draws on the DSRS. Each such interim true-up shall use the methodology set forth in the WSC Rider applicable to the semi-annual true-up. The DSRS requirement may be adjusted above 0.50% of the original principal amount of the Bonds (or such higher level identified at the time of the initial issuance of the Bonds that benefits customers), as permitted in this Order.
- 127. Semi-annual and quarterly true-up adjustments, if necessary, shall be submitted not less than 30 days prior to the first billing cycle of the month in which the revised WSC Charges will be in effect.

Additional True-up Provisions

128. The true-up adjustment submission will set forth the servicer's calculation of the true-up adjustment to the WSC Charges. The PUD will have 30 days after the date of a true-up adjustment submission in which to confirm the mathematical accuracy of the servicer's adjustment. Any true-up adjustment submitted to the PUD should be effective on its proposed effective date, which shall be not less than 30 days after submission. Any necessary corrections

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 35 of 76

Cause No. PUD 202100076- Final Financing Order

Page 33 of 46

to the true-up adjustment, due to mathematical errors in the calculation of such adjustment, will be made in future true-up adjustment submissions. Any interim true-up may take into account the PPR for the next succeeding 6 months if required by the servicing agreement.

- 129. The true-up mechanism described in this Order and contained in the WSC Rider is reasonable and designed to reduce risks related to the Bonds, and is believed to result in lower WSC Charges and greater benefits to customers and should be approved.
- 130. The servicer shall request a non-standard true-up adjustment to address any material changes in usage and to allow for a change in the Energy Allocation Factors, as and when provided in the WSC Rider. The Commission's scope of review, conducted by the PUD, of a Non-Standard True-Up is limited to the correction of mathematical errors.

Use of Proceeds

- 131. Pursuant to the Act, the Authority will direct the State Treasurer to transfer all bond proceeds received from the sale of the Bonds, net of amounts required issuance costs, including amounts deposited to the DSRS, to the Utility to pay the purchase price of the securitization property, on behalf of and as agent of ODFA. The Utility will apply these net proceeds to reduce its Approved Qualified Costs as described in the testimony of PSO witness Horeled.
- 132. In accordance with 74 Okla. Stat. § 9074(G) of the Act, upon issuance of this Order, PSO will not seek to recover the Approved Qualified Costs from customers except through the transfer of securitization property in exchange for the proceeds of a bond issuance, which shall offset and complete the recovery of qualified costs for the regulated Utility. The use of proceeds from the sale of the Bonds in violation of this Order shall subject the Utility to proceedings pursuant to applicable statutes, orders and the rules and regulations of the Commission but shall not be grounds to rescind, alter, modify or amend this Order and shall not affect the validity, finality and irrevocability of this Order, the securitization property irrevocably created hereby or the Bonds.

G. Customer Credits for Post Financing Order Insurance Proceeds or Government Grants and Alternative Funds

133. To the extent the Utility receives insurance proceeds from private insurers, receives insurance proceeds or grants from the State of Oklahoma or the government of the United States of America, or any similar source of permanent reimbursement after the date of this Order the purpose of which is to provide for recovery of 2021 Winter Weather Event related qualified costs approved for recovery by this Order, the Commission finds that such amounts, as soon as practicable, shall be credited to customers through its fuel cost adjustment mechanism, Rider for Fuel Cost Adjustment, with an amortization period, if any, to be determined at that time. All amounts returned to customers shall bear carrying charges at the rate authorized in Paragraph 1(D) of the Settlement Agreement. Provided; however, consistent with the daily allocation methodology set forth and approved in Paragraph 1(E) of the Settlement Agreement, any and all related funds received by PSO are directed to be allocated using the daily allocation methodology.

Page 34 of 46

VIII. CONCLUSIONS OF LAW

- 1. The Commission is vested with jurisdiction in the present Cause pursuant to Article IX, section 18, 17 Okla. Stat. §§ 151-152, et seq., 74 Okla. Stat. §§ 9070, et seq., and Commission rules.
- 2. Notice in this Cause was properly provided in accordance with Commission Order No. 720640.
- 3. PSO is a regulated utility as defined in 74 Okla. Stat. § 9072(9). The Utility is subject to the regulatory jurisdiction of the Commission with respect to its rates, charges and terms and conditions of service.
- 4. The Utility is entitled to file the Application, which constitutes, an application for a financing order pursuant to 74 Okla. Stat. § 9073.
- 5. The Commission has jurisdiction and authority over the Application pursuant to 74 Okla. Stat. § 9073 and other applicable law.
- 6. The Commission has authority to approve this Order under 74 Okla. Stat. § 9074(A) of the Act and the Commission's regulatory jurisdiction over the Utility.
- 7. The Bonds, including the rights embedded in the securitization property, pledged revenues, other Bond collateral and the State Pledge, must follow the process for validation by the Supreme Court of Oklahoma in compliance with 74 Okla. Stat. § 9079.
- 8. The Bonds must be approved by the Council of Bond Oversight as provided in the Oklahoma Bond Oversight and Reform Act, 62 Okla. Stat. § 695.8.
- 9. The final structure and terms of the Bonds, consistent with the provisions of this Order, will be approved by the Authority and the pricing of the Bonds will be approved by the State Deputy Treasurer for Policy and Debt Management²² pursuant to 62 Okla. Stat. § 695.7(C).
- 10. Pursuant to 74 Okla. Stat. § 9077(I), the proceeds of the sale of the Bonds and revenues received with respect to the securitization property shall be deposited by the State Treasurer in the Consumer Protection Fund maintained with the bond trustee. The State Treasurer shall apply such moneys as provided in Findings of Fact 132 and 133 of this Order.
- 11. The use of proceeds from the sale of the Bonds in violation of this Order shall subject the Utility to proceedings pursuant to applicable statutes, orders and the rules and regulations of the Commission but shall not be grounds to rescind, alter, modify or amend this Order and shall not affect the validity, finality and irrevocability of this Order until the indefeasible payment in full of the Bonds and all financing costs related thereto.
- 12. The Commission may adopt a financing order providing for the retiring and refunding of the Bonds under 74 Okla. Stat. § 9077(D).

 $^{^{22}}$ See fn 21, supra.

Page 35 of 46

- 13. The Commission may, under 74 Okla. Stat. § 9078, require an audit of all amounts received from customers under the WSC Charge and paid to the Utility, and the amounts paid by the Utility to the ODFA. The audit shall be part of any general rate case of PSO; provided it is affected by a financing order with outstanding Bonds. The Utility shall provide a copy of any audit to the Governor, the Pro Tempore of the Senate, the Speaker of the House of Representatives and the Authority; provided, however, any part or parts of the audit deemed confidential pursuant to federal or state law or as determined by the Commission, shall be redacted and, provided, further, that the findings of any audit shall not affect the validity, finality and irrevocability of this Order until the indefeasible payment in full of the Bonds and all financing costs related thereto and shall not impact, or be included as part of, the true-up and reconciliation process approved in this Order.
- 14. The securitization approved in this Order satisfies the requirements of 74 Okla. Stat. § 9073(C)(1) of the Act directing that the total amount of revenues to be collected under this Order result in substantial revenue requirement savings compared to conventional financing methods.
- 15. The securitization approved in this Order satisfies the requirement of 74 Okla. Stat. § 9073(C)(2) of the Act mandating that the securitization would mitigate the customer utility bill impact by mandating a longer amortization period for recovery than would otherwise be practicable or feasible.
- 16. The issuance of the Bonds approved in this Order in compliance with the provisions of this Order satisfies the requirement of 74 Okla. Stat. § 9073(C)(3) that the issuance of Bonds be completed at a sufficiently low cost such that customer savings are not exhausted or offset.
- 17. The Commission has determined that the \$675.2 million of costs incurred by the Utility during the 2021 Winter Weather Event to be mitigated through securitization would otherwise be recoverable from customers as fair, just, and reasonable expenses and were prudently incurred. See 74 Okla. Stat. § 9073(E).
- 18. Recovery of the carrying costs, including the approved rate of return, approved for recovery in this Order complies with 74 Okla. Stat. § 9073(F) of the Act. The carrying costs shall begin accruing at the time of the issuance of the Order and continue until the date that the Bonds are issued.
- 19. The credits to be provided to customers pursuant to Findings of Fact Nos. 58 and 133 and the specified mechanism by which to return these amounts to customers is permitted by and satisfies the requirements of 74 Okla. Stat. § 9073(G).
- 20. Pursuant to 74 Okla. Stat. § 9075(D) of the Act, this Order will remain in effect and unabated notwithstanding the reorganization, bankruptcy or other insolvency proceedings, or merger or sale of the Utility, its successors, or assignees.
- 21. This Order adequately details the amount to be recovered and the period over which the Utility will be permitted to recover nonbypassable WSC Charges in accordance with the requirements of 74 Okla. Stat. §§ 9074(A)(1) and (2).

Page 36 of 46

- 22. The method approved in this Order for collecting and allocating the WSC Charges is reasonable and satisfies the requirements of 74 Okla. Stat. § 9073.
- 23. As provided in 74 Okla. Stat. § 9075(B), this Order, together with the WSC Charges authorized by this Order, is irrevocable and not subject to reduction, impairment, or adjustment by further act of the Commission, except for the true-up procedures approved in this Order, as required by 74 Okla. Stat. § 9074(H).
- 24. As provided in 74 Okla. Stat. § 9075(A), the rights and interests of the Utility or its successor under this Order, including the right to impose, collect and receive the WSC Charges authorized in this Order, are assignable and must become securitization property at the time the Bonds are issued by ODFA.
- 25. The rights, interests and property conveyed to ODFA in the sale agreement and the related bill of sale, including the irrevocable right to impose, collect and receive WSC Charges and the revenues and collections from WSC Charges are securitization property within the meaning of 74 Okla. Stat. § 9075.
- 26. Securitization property will constitute a present property right for purposes of contracts concerning the sale or pledge of property, even though the imposition and collection of the WSC Charges depend on further acts by the Utility, ODFA, the Commission or others that have not yet occurred, as provided by 74 Okla. Stat. § 9075(B).
- All revenues and collections resulting from the WSC Charges shall be the further property and right of the owner of the securitization property as provided by 74 Okla. Stat. § 9075 (C).
- 28. Upon the transfer by the Utility of securitization property to ODFA, ODFA will have all of the rights, title and interest of the Utility with respect to such securitization property including the right to impose, collect and receive the WSC Charges authorized by this Order as provided by 74 Okla. Stat. § 9075(F).
- 29. The Bonds issued under this Order will be ratepayer-backed bonds within the meaning of 74 Okla. Stat. § 9072 (8) and § 9077(A) and the Bonds and holders thereof are entitled to all of the protections provided under 74 Okla. Stat. § 9077(B).
- 30. The procedure by which WSC Charges are required to be imposed and adjusted on customers and be paid to the servicer under this Order or the tariffs approved hereby constitute a nonbypassable mechanism as defined in 74 Okla. Stat. § 9072(5), and the amounts collected from customers with respect to such WSC Charges are securitization property as defined in 74 Okla. Stat. § 9072(11).
- 31. As provided in 74 Okla. Stat. § 9075(D), the interests of an assignee, the holders of Bonds, and the bond trustee in securitization property and in the revenues and collections arising from that property are not subject to setoff, counterclaim, surcharge, or defense by the Utility or any other person or in connection with the bankruptcy of the Utility or any other entity.
- 32. The methodology approved in this Order to true-up and adjust the WSC Charges constitutes a true-up and reconciliation process which satisfies the requirements of the Act.

- 33. If and when the Utility transfers to the ODFA the right to impose, collect, and receive the WSC Charges and to issue the Bonds, the servicer, and any successor servicer, will be able to impose and collect the WSC Charges associated with such securitization property only for the benefit of the ODFA and the holders of the Bonds in accordance with the servicing agreement.
- 34. If and when the Utility transfers its rights under this Order to the ODFA under an agreement that expressly states that the transfer is a sale or other absolute transfer in accordance with the true-sale provisions of 74 Okla. Stat. § 9075(F), then, in accordance with that statutory provision, that transfer will be a true sale of an interest in securitization property and not a secured transaction or other financing arrangement and title, legal and equitable, to the securitization property will pass to the ODFA. This true sale must apply regardless of whether the purchaser has any recourse against the seller, or any other term of the parties' agreement, including the Utility's role as the servicer of WSC Charges relating to the securitization property, and including the bond trustee's obligation to remit any amounts remaining in the collection account after the Bonds and all financing costs have been paid in full to the Servicer acting solely on behalf of the ODFA, for payment to the Utility's customers, or the treatment of the transfer as a financing for tax, financial reporting, or other purposes.
- 35. As provided in 74 Okla. Stat. § 9075(E), a valid and enforceable lien and security interest in the securitization property in favor of the holders of the Bonds or a trustee on their behalf will be created by this Order and the execution and delivery of a security agreement with the holders of the Bonds or a trustee on their behalf in connection with the issuance of the Bonds. The lien and security interest will attach automatically from the time that value is received by the Authority for the Bonds and, on perfection through the filing of notice with the Oklahoma Secretary of State, will be a continuously perfected lien and security interest in the securitization property and all proceeds of the securitization property will have priority in the order of filing and will take precedence over any subsequent judicial or other lien creditor.
- 36. As provided in 74 Okla. Stat. § 9075(G), the transfer of an interest in securitization property to an assignee will be perfected against all third parties, including subsequent judicial or other lien creditors, when this Order becomes effective, transfer documents have been delivered to that assignee, and a notice of that transfer has been filed with the Oklahoma Secretary of State.
- 37. As provided in 74 Okla. Stat. § 9075(H), the priority of a lien and security interest perfected in accordance with this section will not be impaired by any later modification of this Order or by the commingling of funds with other revenues paid by customers to the Utility, by utilities to the Authority or otherwise paid.
- 38. As provided in 74 Okla. Stat. § 9075(H), if securitization property is transferred to an assignee, any proceeds of the securitization property will be treated as held in trust for the assignee.
- 39. As provided in 74 Okla. Stat. § 9075(I) of the Act, if a default or termination occurs under the Bonds, the holders of the Bonds or their representatives, including the bond trustee, may foreclose on or otherwise enforce their lien and security interest in the relevant securitization property, and the Commission may require any revenues received under the irrevocable and nonbypassable mechanism created by this Order be paid to a new holder of the securitization

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 40 of 76

Cause No. PUD 202100076- Final Financing Order

Page 38 of 46

property.

- 40. As authorized by 74 Okla. Stat. § 9075(I), revenues received under the irrevocable and nonbypassable mechanism created by this Order are to be paid to a new holder of the securitization property.
- 41. As provided by 74 Okla. Stat. § 9077(F) of the Act, the Bonds authorized by this Order are not an indebtedness of the State or of the Authority, but shall be special obligations of the Authority payable solely from revenues received from the securitization property and other pledged collateral. The Bonds authorized by this Order are not an indebtedness of the Utility.
- As provided in the Authority Act, the State of Oklahoma has pledged to and agreed with the owners of any bonds issued by the ODFA under the Authority Act, including any Bonds issued by the ODFA pursuant to this Order, that the State will not limit or alter the rights vested in the Authority to fulfill the terms of the Bonds, the terms of the Authority's resolution or resolutions authorizing the issuance of such Bonds, including the terms of the indenture, the servicing agreement, the sale agreement and any other agreements authorized by those resolutions, and any other agreements made with the owners of such Bonds, or in any way impair the rights and remedies of the owners of the Bonds until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the owners, are fully met and discharged. For these purposes, "the rights hereby vested in the Authority" stated above include rights embedded in the securitization property and vested in the Authority, rights vested in owners of the Bonds or in the Commission under the Act and this Financing Order to impose, adjust, collect and remit WSC Charges to or for the benefit of the Authority and owners of the Bonds. Upon the ODFA's issuance of Bonds pursuant to this Financing Order, the State Pledge will give rise to a contract between owners of the Bonds and the State of Oklahoma for purposes of State of Oklahoma law, including the Contract Clause of the Oklahoma Constitution.²³ This Order requires, as authorized by the Authority Act, that the Authority include in the Bonds a recitation of the State Pledge.
- 43. After the issuance of the Bonds authorized by this Order, this Order is irrevocable until the payment in full of the Bonds and the related ongoing financing costs. Except in connection with a retirement or refunding or implementing the true-up mechanism adopted by the Commission, the Commission may not amend, modify, or terminate this Order by any subsequent action or reduce, impair, postpone, terminate, or otherwise adjust WSC Charges approved in this Order.
- 44. As provided in 74 Okla. Stat. § 9077(B), the Bonds and the interest earned on the Bonds shall not be subject to taxation by the State of Oklahoma, or by any county, municipality or political subdivision therein.
- 45. The Authority is required, pursuant to 74 Okla. Stat. § 9076(B)(1), to notify the Governor, President Pro Tempore of the Senate, the Speaker of the House of Representatives and the Commission upon issuance of a ratepayer-backed bond. The notification shall be in writing and include the amount and terms of the Bonds.

²³ Okla. Const. Art. II, § 15.

Page 39 of 46

- 46. The Authority is required, pursuant to 74 Okla. Stat. § 9076(B)(2), to submit an annual report regarding the ratepayer-backed bonds issued pursuant to the Act to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Attorney General and the Commission as of December 1 each year until the ratepayer-backed bonds, including the Bonds authorized by this Order, are retired.
- 47. As provided by 74 Okla. Stat. § 9075(D) of the Act, this Order will remain in full force and effect and unabated notwithstanding the bankruptcy or sale of the Utility, its successors, or assignees.
- 48. The Utility retains sole discretion regarding whether or when to assign, sell or otherwise transfer the rights and interests created by this Order or any interest therein, or to cause the issuance of any Bonds authorized by this Order.
- 49. This Order is final, is not subject to rehearing by this Commission and is not subject to review or appeal except as expressly provided in 74 Okla. Stat. § 9074(F).
 - 50. This Order meets the requirements for a financing order under the Act.
- 51. The true-up and reconciliation mechanism, and all other obligations of the State of Oklahoma and the Commission set forth in this Order, are direct, explicit, irrevocable and unconditional upon issuance of the Bonds and are legally enforceable against the State and the Commission in accordance with Oklahoma law.

IX. ORDERING PARAGRAPHS

Based upon the record, the Findings of Fact and Conclusions of Law set forth herein, and for the reasons stated above, this Commission orders:

A. Approval

- 1. Approval of Application and Settlement Agreement. The Application is approved as provided in this Order. Also, the Settlement Agreement, except as otherwise modified herein, is approved and Findings of Fact Nos. 51-67 related to the Settlement Agreement are adopted.
- 2. Authority to Recover Qualified Costs through Securitization. The Utility's request is granted to recover \$675.2 million of its 2021 Winter Weather Event related costs and an estimated \$5 million of carrying costs and \$7.8 Million bond issuance costs authorized for recovery, subject to change based on final costs and carrying costs until securitization. The final amount of carrying costs shall be calculated by the Authority (with the assistance of PUD staff) as set forth in the Issuance Advice Letter.
- 3. Authorization for Issuance. ODFA is authorized to issue the Bonds in the amount equal to the Authorized Amount and with such other terms as are consistent with the terms of this Order approved by the Authority and the State Deputy Treasurer for Policy and Debt Management.

Page 40 of 46

- 4. **Proceeds of the Bonds.** The proceeds of the Bonds shall be applied as provided in this Order.
- 5. **Effect of Securitization.** Upon the issuance of this Order, the Utility will not seek to recover the qualified costs identified and quantified in this Order from customers except through the transfer of securitization property in exchange for the proceeds of a bond issuance, which shall offset and complete the recovery of the qualified costs for the Utility. The use of proceeds from the sale of the Bonds in violation of this Order shall subject the Utility to proceedings pursuant to applicable statutes, orders and the rules and regulations of the Commission but shall not be grounds to rescind, alter, modify or amend this Order and shall not affect the validity, finality and irrevocability of this Order, the securitization property irrevocably created hereby or the Bonds.
- 6. Recovery of WSC Charges. The Utility, as servicer, and any successor servicer must impose on and collect from all existing and future customers located at an address within the state and within the Utility's service area as it existed on the date of this Order and other entities which, under the terms of this Order or the tariff approved hereby, are required to bill, pay or collect WSC Charges, as provided in this Order, WSC Charges in an amount sufficient to provide for the timely payment of the scheduled principal of and interest on the Bonds, together with all ongoing financing costs.
- 7. **Provision of Information.** The Utility shall take all necessary steps to ensure that the Commission, through PUD, is provided sufficient and timely information relating to the proposed transaction as reasonably requested after the date of this Order.
- 8. Approval of Tariffs. The Winter Storm Cost ("WSC") Rider is approved. Before the issuance of any Bonds under this Order, the Utility must file a tariff that conforms to the form of the WSC Rider tariff provisions attached to this Order, provided that the terms and conditions of the WSC Rider shall comply in all respects with, and be subject to, the terms and conditions of this Order, and if there is a conflict between the terms and conditions of the WSC Rider and those of this Order, the terms and conditions of this Order shall control.

B. WSC Charges

- 9. **Imposition and Collection.** The Utility, as servicer, and any successor servicer is authorized to impose on, and the servicer is authorized to collect from, all existing and future customers located at an address within this state and within the Utility's service area as it existed on the date this Order is issued WSC Charges in an amount sufficient to provide for the timely recovery of the scheduled principal of and interest on the Bonds, together with all ongoing financing costs, as approved in this Order.
- 10. **ODFA's Rights and Remedies.** Pursuant to the Act, upon the transfer by the Utility of the securitization property to ODFA, ODFA must have all of the rights, title and interest of the Utility with respect to such securitization property, including, without limitation, the right to exercise any and all rights and remedies with respect thereto, including the right to assess and collect any amounts payable by any customer in respect of the securitization property and to authorize the Utility (or its successor) to disconnect service pursuant to the provisions of the Servicing Agreement.

Page 41 of 46

- 11. Collector of WSC Charges. The Utility, as servicer, including any successor to the Utility, or any subsequent servicer of the Bonds, or other entity which, under the terms of this Order or the tariffs approved hereby, is required to bill the WSC Charges, must bill and collect WSC Charges from customers.
- 12. **Collection Period.** The WSC Charges shall be imposed and collected until all Bonds and all ongoing financing costs are paid in full.
- 13. **Allocation.** The Utility, as servicer, and any successor servicer, must allocate the WSC Charges among Service Levels in the manner described in this Order.
- Nonbypassability. The Utility and any other entity providing electric distribution services to any customer located at an address within this state and within the Utility's service area as it existed on the date this Order is issued are entitled to collect and must remit, in accordance with this Order, the WSC Charges from such customers, and such customers are required to pay such WSC Charges. The Commission will do its utmost to ensure that such obligations are undertaken and performed by the Utility and any other entity providing electric transmission or distribution services within the Utility's service area as it exists on the date this Order is issued.
- 15. **True-Ups.** True-ups of the WSC Charges, including non-standard true-ups, must be undertaken and conducted as described in this the WSC Rider and Order, including forms of True-Up and Non-Standard True-up Letters set forth in Appendix D and Appendix E. Any necessary corrections to a true-up, due to mathematical errors in the calculation of such adjustment, will be made in future true-up adjustment filings. True-up adjustments will be posted on the Commission website after the PUD completes its review.
- Ownership Notification; Line Item. The Utility or any other entity that bills WSC Charges to customers must, at least annually, provide written notification to each customer for which the entity bills WSC Charges that the WSC Charges are the property of ODFA and not of the entity issuing such bill. The Utility, as servicer, shall impose the WSC Charge as a separate line item on customer bills.

C. Ratepayer-backed Bonds

- 17. **Terms.** The final terms of the Bonds, including any credit enhancement, shall be consistent with this Order, and approved by the Authority and the State Deputy Treasurer for Policy and Debt Management.
- 18. **Bond Issuance Costs.** Bond issuance costs described will be recovered from the proceeds of the Bonds in accordance with this Order. The Utility Issuance Costs may not be paid or reimbursed in an amount exceeding \$700,000.
- 19. Ongoing Financing Costs. All ongoing financing costs shall be recovered through the WSC Charges. The estimated ongoing financing costs as described in the testimony of Michael Bartolotta are approved for recovery. As provided in Ordering Paragraph 29, a servicer, other than the Utility, may collect a servicing fee higher than that set forth in Finding of Fact No. 102, if such higher fee is subsequently approved by the Commission.

Page 42 of 46

- 20. Informational Issuance Advice Letter Filing. Within three business days of the sale of the Bonds, ODFA and the Utility will jointly submit to PUD, for informational purposes only (with the exception of the Utility Certification included as Attachment 4 to Appendix A hereto), an Issuance Advice Letter, substantially in the form attached to this Order, evidencing the final terms of the Bonds, projected (or actual) costs of issuance and ongoing financing costs for the first year following issuance, projected customer savings, as well the initial WSC Charge. The final amount of carrying costs shall be calculated by the Authority (with the assistance of PUD) and set forth in the Issuance Advice Letter.
- 21. **Refinancing.** This Financing Order does not preclude ODFA and the Utility from filing a request for a "financing order" to retire or refund the Bonds approved in this Financing Order upon a showing that the customers would benefit and that such a financing is consistent with the terms of the outstanding Bonds, as permitted by 74 Okla. Stat. § 9077(D).
- 22. **Collateral.** All securitization property and other collateral must be held and administered by the bond trustee under the indenture as described in this Order.
- 23. **Distribution Following Repayment.** Following repayment of the Bonds authorized in this Order and release of the funds held by the trustee, the servicer, solely on behalf of ODFA, must distribute to current customers the final balance of the general, excess funds, and all other subaccounts, whether such balance is attributable to principal amounts deposited in such subaccounts or to interest thereon, remaining after all other qualified costs have been paid. The amounts must be distributed to each Service Level that paid the WSC Charges during the last 12 months that the WSC Rider was in effect. The amount paid to each customer must be determined by multiplying the total amount available for distribution by a fraction, the numerator of which is the total WSC Charges paid by the Service Level during the last 12 months the WSC Rider charges were in effect and the denominator of which is the total WSC Charges paid by all Service Levels during the last 12 months the WSC Rider was in effect. The amount allocated by each Service Level shall be divided by the forecasted billing units, units or kWh, for the month in which the refund will take place in order to arrive at a per customer refund amount per unit or kWh, as applicable.
- 24. Annual Weighted-Average Interest Rate of Bonds. The effective weighted-average interest rate of the Bonds must not exceed 6.0%.
- 25. **Life of Bonds.** The scheduled final payment date of the Bonds authorized by this Financing Order must not exceed 20 years.
- 26. **Amortization Schedule.** The Commission approves, and the Bonds must be structured, to provide a WSC Charge that is designed to produce substantially level annual debt service over the expected life of the Bonds.

D. Servicing

27. Servicing Agreement. The Commission authorizes the Utility to enter into the servicing agreement with ODFA and to perform the servicing duties approved in this Order. The servicer must be entitled to collect servicing fees in accordance with the provisions of the servicing agreement, provided that the annual servicing fee payable to the Utility while it is serving as servicer (or to any other servicer affiliated with the Utility) must not at any time exceed 0.05% of the initial aggregate principal amount of the Bonds, plus out-of-pocket costs as described herein.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 45 of 76

Cause No. PUD 202100076- Final Financing Order

Page 43 of 46

The annual servicing fee payable to any other servicer not affiliated with the Utility shall be subject to approval by the Commission, if required, pursuant to Ordering Paragraph No. 29.

- 28. Servicing Revenues and Expenses. The revenues collected by the Utility, or by any affiliate of the Utility acting as the servicer shall be included as an identified revenue credit and reduce revenue requirements for the customers' benefit in the Utility's applicable general rate case. The expenses of acting as the servicer shall likewise be included as a cost of service in such general rate case, subject to the actual servicer fee.
- Replacement of the Utility as Servicer. Upon the occurrence of an event of default under the servicing agreement relating to servicer's performance of its servicing functions with respect to the WSC Charges, the ODFA, or bond trustee acting at the direction of a majority of the bondholders, may replace the Utility as the servicer in accordance with the terms of the servicing agreement. In the event the successor servicer seeks a fee up to 0.60% of the initial balance of the Bonds, such request is conditioned upon the ODFA having justification for agreement of such servicing fee and satisfaction that the servicing fee will not adversely affect the then-current ratings on the related Bonds. If the servicing fee of the replacement servicer seeks a fee that exceeds 0.60% of the initial aggregate principal amount of the Bonds, the replacement servicer may not begin providing service until or unless the Commission approves the higher fee in a subsequent proceeding in which the ODFA reasonably demonstrates that the services cannot be obtained at a compensation level lower than 0.60% under the market conditions at that time. No entity may replace the Utility as the servicer in any of its servicing functions with respect to the WSC Charges and the securitization property authorized by this Order if the replacement would cause any of the then current credit ratings of the Bonds to be suspended, withdrawn, or downgraded.
- 30. **Collection Terms.** The servicer must remit collections of the WSC Charges to the State Treasurer's Consumer Protection Fund, which shall be maintained by the bond trustee, for ODFA's account in accordance with the terms of the servicing agreement.
- 31. Contract to Provide Service. The Utility shall agree in the sale agreement and in the servicing agreement to continue to operate its transmission and distribution system (or, if by law, the Utility or its successor is no longer required to own and/or operate both the transmission and distribution systems, then the Utility's distribution system) in order to provide electric services to the Utility's customers; provided, however, that this provision must not prohibit the Utility from selling, assigning, or otherwise divesting its transmission and distribution systems or any part thereof, pursuant to applicable law, so long as the entities acquiring such system agree to continue operating the facilities to provide electric service to the Utility's customers.
- 32. Securities Reporting Requirements. The Utility shall cooperate with ODFA and supply such information to ODFA as is reasonably consistent with information that would be required to comply with any federal securities law reporting obligations with respect to the Bonds and any other information required to comply with federal or state securities law reporting obligations.
- 33. **Service Termination.** In the event that the servicer is billing customers for WSC Charges, the servicer must have the right to terminate transmission and distribution service to the end-use customer for non-payment by end-use customers under applicable Commission rules.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 46 of 76

Cause No. PUD 202100076- Final Financing Order

Page 44 of 46

E. Use of Proceeds

34. **Use of Proceeds.** The proceeds of the Bonds will be applied as described in this Order.

F. Miscellaneous Provisions

- 35. Continuing Issuance Right. The Utility has the continuing irrevocable right to cause the issuance of, and ODFA has the continuing right to issue, the Bonds in one or more series in accordance with this Order for a period commencing with the date of this Order and extending 24 months following the date on which this Order becomes final.
- 36. **Binding on Successors.** This Order, together with the WSC Charges authorized in it, must be binding on the Utility and any successor to the Utility that provides transmission and distribution service directly to customers located at an address within this state and within the Utility's service area, any other entity that provides transmission or distribution services to customers within that service area (or if there are separate transmission and distribution service providers, distribution services), and any successor to such other entity, provided that if by law, the Utility or its successor is no longer required to own and/or operate both the transmission and distribution systems, then any entity that provides distribution service to customers in the service territory shall be bound by this Order.
- 37. **Flexibility.** Subject to compliance with the requirements of this Order, the Utility and ODFA must be afforded flexibility in establishing the terms and conditions of the Bonds, including repayment schedules, term, payment dates, collateral, credit enhancement, required debt service, reserves, interest rates, use of original issue discount, and other financing costs and the ability of the Utility, at its option, to cause one or more series of Bonds to be issued by the ODFA.
- 38. Effectiveness of Order. This Order is effective upon issuance and is not subject to rehearing by the Commission after 30 days from the issuance of the Order. The Order is subject to appeal pursuant to Section 20 of Article IX of the Oklahoma Constitution. Notwithstanding the foregoing, no securitization property must be created hereunder, and the Utility must not be authorized to impose, collect, and receive WSC Charges, until concurrently with the transfer of the Utility's rights hereunder to the ODFA in conjunction with the issuance of the Bonds.
- 39. **Regulatory Approvals.** All regulatory approvals within the jurisdiction of the Commission that are necessary for the securitization of the WSC Charges associated with the costs that are the subject of the Application, and all related transactions contemplated in the application, are granted.
- 40. **Payment of Commission's Costs for Professional Services.** In accordance with 74 Okla. Stat. § 9073(D), the ODFA must pay the costs to the Commission (including PUD) of acquiring professional services for the purpose of evaluating the Utility's proposed transaction, including, but not limited to, the Commission's outside attorneys' fees and financial advisor fees, in the amounts specified in the Issuance Advice Letter no later than 30 days after the issuance of any Bonds. Such Commission costs shall be non-Utility bond issuance costs and paid from Bond proceeds, or as otherwise provided in this Order.
- 41. Compliance with 74 Okla. Stat. § 9073(G). To the extent the Utility receives insurance proceeds from private insurers, receives insurance proceeds or grants from the State of

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 1 Page 47 of 76

Cause No. PUD 202100076- Final Financing Order

Page 45 of 46

Oklahoma or the government of the United States of America, or any similar source of permanent reimbursement after the date of this Financing Order the purpose of which is to provide for recovery of 2021 Winter Weather Event related qualified costs approved for recovery by this Order, such amounts, as soon as practicable, shall be credited to customers through its fuel cost adjustment mechanism, Fuel Cost Adjustment Rider, with an amortization period, if any, to be determined at that time. All amounts returned to customers shall bear carrying charges at the rate authorized in Paragraph 1(D) of the Settlement Agreement. Provided; however, consistent with the daily allocation methodology set forth and approved in Paragraph 1(E) of the Settlement Agreement, any and all related funds received by PSO from SPP are directed to be allocated using the daily allocation methodology.

- **Effect.** This Order constitutes a legal financing order for the Utility under the Act. The Commission finds this Order complies with the provisions of 74 Okla. Stat. §§ 9073-74. An Order gives rise to rights, interests, obligations and duties as expressed in 74 Okla. Stat. § 9075 and § 9077. It is the Commission's express intent to give rise to those rights, interests, obligations and duties by issuing this Order. The Utility and the servicer are directed to take all actions as are required to effectuate the transactions approved in this Order, subject to compliance with the criteria established in this Order.
- Severability. Any term or provision of this Order that is invalid or enforceable in any situation in any jurisdiction will not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.
- Further Commission Action. The Commission will act under this Order as expressly authorized by the Act, and other applicable law, to do its utmost to ensure that expected WSC Charge revenues are sufficient to pay on a timely basis scheduled principal of and interest on the Bonds issued under this Order and other costs, including fees and expenses, in connection with the Bonds.
- 45. All Other Motions, etc., Denied. The Commission denies all other motions and any other request.
- 46. Delivery of Financing Order. On the date hereof, the Commission, through its Chairman, will deliver a copy of this Order to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives and the Authority in accordance with 74 Okla. Stat. § 9074(D).

OKLAHOMA CORPORATION COMMISSION

DISSENTING OPINION ATTACHED

BOB ANTHONY, Vice Chairman

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 48 of 76

Cause No. PUD 202100076- Final Financing Order

Page 46 of 46

CERTIFICATION

DONE AND PERFORMED by the Commissioners participating in the making of this Order, as shown by their signatures above, this <u>10th</u> day of February 2022.

[SEAL]



EGGY MITCHELL, Secretary

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 49 of 76

APPENDIX A
FORM OF ISSUANCE ADVICE LETTER
PAGE 1

FORM OF ISSUANCE ADVICE LETTER

[SUBMITTED FOR INFORMATION ONLY PURPOSES]

DA1,	, 202_

THE OKLAHOMA CORPORATION COMMISSION ATTN: Chairman
Jim Thorpe Building, 2101 N. Lincoln Blvd.
Oklahoma City, Oklahoma 73105

SUBJECT: ISSUANCE ADVICE LETTER FOR RATEPAYER-BACKED BONDS

Pursuant to the Final Financing Order issued on the _____ day of _____, 202_ in Cause No. PUD 202100076 before the Oklahoma Corporation Commission, Application of Public Service Company of Oklahoma for A Financing Order Pursuant to the February 2021 Regulated Utility Consumer Protection Act Approving Securitization of Costs Arising from the Extreme Winter Weather Event of February 2021 (the "Financing Order"), PUBLIC SERVICE COMPANY OF OKLAHOMA (the "Utility" or the "Applicant") and OKLAHOMA DEVELOPMENT FINANCE AUTHORITY ("ODFA" or the "Authority") jointly submit this Issuance Advice Letter to report certain terms and information related to the Ratepayer-Backed Bonds Series _____, Tranches _____ Any capitalized terms not defined in this letter shall have the meanings ascribed to them in the Financing Order or the February 2021 Regulated Utility Consumer Protection Act, 74 Okla. Stat. §§ 9071-9081 (the "Act").

PURPOSE

This filing includes the following information:

- (1) Calculation of total principal amount of Bonds issued;
- (2) The final terms and structure of the ratepayer-backed bonds, including a description of any credit enhancement, the final estimated bond issuance costs and the final estimates of ongoing financing costs for the first year following issuance;
- (3) A calculation of projected customer savings relative to conventional methods of financing resulting from the issuance of the Bonds; and
- (4) The initial WSC Charges.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 50 of 76

APPENDIX A
FORM OF ISSUANCE ADVICE LETTER
PAGE 2

1. PRINCIPAL AMOUNT OF BONDS ISSUED (AUTHORIZED AMOUNT)

The total amount of qualified costs, carrying costs and issuance costs being financed (the "Authorized Amount") is presented in Attachment 1.

2. <u>DESCRIPTION OF FINAL TERMS OF BONDS</u>

Set forth below is a summary of the final terms of the Bond Issuance.

Ratepayer-Backed Bond Title and Series:
Trustee:
Closing Date:, 202_
Bond Ratings: [S&P Moody's; Fitch]
Amount Issued (Authorized Amount): \$
Ratepayer-Backed Bond Issuance Costs: See Attachment 1, Schedule B.
Ratepayer-Backed Bond Ongoing Financing Costs: See Attachment 2, Schedule B.

Tranche	Coupon Rate	Scheduled Final Maturity	Legal Final Maturity
	0/0	/ /	1 1
	%	/ /	1/- /
	%	/_/_	F. 1

Effective Annual Weighted Average Interest	
Rate of the Ratepayer-Backed Bonds:	
Weighted Average Life of Series:	years
Call provisions (including premium, if any):	
Expected Sinking Fund Schedule:	Attachment 2, Schedule A
Payments to Bondholders:	Semiannually Beginning,,

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 51 of 76

APPENDIX A
FORM OF ISSUANCE ADVICE LETTER
PAGE 3

3. CALCULATION OF PROJECTED SAVINGS

The weighted average interest rate of the ratepayer-backed bonds (excluding costs of issuance and
ongoing financing costs) is less than []%, accordingly, the proposed structuring, expected
pricing, and financing costs of the ratepayer-backed bonds are reasonably expected to result in
substantial revenue requirement savings as compared to conventional methods of financing. The
net present value of the savings, which will avoid or mitigate rate impacts as compared to
conventional methods of financing the qualified costs, is estimated to be \$ (see
Attachment 2, Schedule C), based on an effective annual weighted average interest rate of %
for the ratepayer-backed bonds.

4. <u>INITIAL WSC CHARGE</u>

Table I below shows the current assumptions for each of the variables used in the calculation of the initial WSC Charges.

TABLE I Input Values For Initial WSC Charges

<u>'</u>	
Forecasted base rate revenue sales for each Service Level for the	
applicable period:	
Bond debt service for the applicable period:	\$
Charge-off rate for each Service Level:	
Forecasted annual ongoing financing costs (See Attachment 2,	\$
Schedule B):	
Current Ratepayer-Backed Bond outstanding balance:	\$
Target Ratepayer-Backed Bond outstanding balance as of	\$
Total Periodic Billing Requirement for applicable period:	\$

Based on the foregoing, the initial WSC Charges calculated for each Service Level are detailed in Attachment 3.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 52 of 76

APPENDIX A
FORM OF ISSUANCE ADVICE LETTER
PAGE 4

EFFECTIVE DATE

[In accordance with the Financing Order, the WSC Charge shall be billed beginning on the first day of the first billing cycle of the next revenue month following the date of issuance of the ratepayer-backed bonds.]

AUTHORIZED OFFICER

The undersigned are officers of Applicant and Authority, respectively, and authorized to deliver this Issuance Advice Letter on behalf of Applicant and Authority.

Respectfully submitted,

PUBLIC SERVICE COMPANY OF OKLAHOMA

Ву:
Name:
Citle:
OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
Ву:
Name:
Γitle:

cc: Director of the Public Utility Division, Oklahoma Corporation Commission

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 53 of 76

APPENDIX A
FORM OF ISSUANCE ADVICE LETTER
PAGE 5

ATTACHMENT 1

SCHEDULE A

CALCULATION OF AUTHORIZED AMOUNT

1	A.	Qualified costs authorized in Docket No.	\$	
1		(including any adjustment to carrying costs)		
	B.	Estimated bond issuance costs (Attachment 1,		
		Schedule B)		
	TOTAL AUTHORIZED AMOUNT \$			

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 54 of 76

APPENDIX A
FORM OF ISSUANCE ADVICE LETTER
PAGE 6

ATTACHMENT 1

SCHEDULE B

ESTIMATED ISSUANCE COSTS

	Issuance Costs
Underwriters' Fees and Expenses	\$ -
Underwriters' Counsel Legal Fees and Expenses	\$ -
ODFA Legal and Advisory Fees and Expenses	\$ -
[ODFA Financing Acceptance Fee]	\$ -
State Treasurer Fees and Expenses	\$ -
Bond Counsel Fees	\$ -
Rating Agency Fees and Related Expenses	\$ -
Printing	\$ -
Trustee's/Trustee Counsel's Fees and Expenses	\$ -
ODFA Legal and Advisory Fees	\$ -
Original Issuance Discount	\$ -
Commission Fees/Expenses	
	\$ -
Other Credit Enhancements (Overcollateralization Subaccount)	\$ -
Rounding/Contingency	\$ -
Debt Service Reserve Subaccount (DSRS)	/
Commission Fees/Expenses	\$ -
Total Non-Utility External Issuance Costs	\$ -
Utility's Financial Advisor Fees and Expenses	\$ -
Utility's Counsel Legal Fees and Expenses	\$-
Utility's Non-legal Securitization Proceeding Costs and Expenses	\$ -
Utility's Miscellaneous Administrative Costs	\$ -
Servicer's Set-Up Costs	\$ -
External Servicing Costs (Accountant's)	\$ -
Total ODFA Issuance Costs	\$ -
Total Estimated Issuance Costs	\$ -
Rounded Amount	\$ -

Note: Any difference between the Estimated Issuance Costs financed for, and the actual Issuance Costs incurred by, the ODFA and (except as capped) the Utility will be resolved, if estimates are more or less than actual, through the WSC Rider or pursuant to the Financing Order, as applicable.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 55 of 76

APPENDIX A
FORM OF ISSUANCE ADVICE LETTER
PAGE 7

ATTACHMENT 2

SCHEDULE A

RATEPAYER-BACKED BOND FUNDING REQUIREMENT INFORMATION

EXPECTED SINKING FUND SCHEDULE

	SERIES, TRANCHE			
Payment Date	Principal Balance	Interest	Principal	Total Payment
	\$	\$	\$	\$

SERIES, TRANCHE				
Payment Date	Principal Balance	Interest	Principal	Total Payment
	\$	\$	\$	\$
at .				
	<u> </u>			

SERIES, TRANCHE				
Payment Date	Principal Balance	Interest	Principal	Total Payment
	\$	\$	\$	\$
			1	
			-	

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 56 of 76

APPENDIX A
FORM OF ISSUANCE ADVICE LETTER
PAGE 8

ATTACHMENT 2

SCHEDULE B

ESTIMATED ONGOING FINANCING COSTS

	Itemized Annual Ongoing Financing Costs
True-Up Administration Fees ^	\$ -
ODFA Administration Fees ^	\$ -
۸	\$ -
ODFA Administration Fees^	\$ -
ODFA Legal Fees and Expenses^	\$ -
ODFA Accounting Fees^	\$ -
Trustee's/Trustee's Counsel Fees and Expenses ^	\$ -
Rating Agency Fees and Related Expenses^	\$ -
Miscellaneous ^	\$ -
Cost of Swaps and Hedges^	\$ -
Other Credit Enhancements^	\$ -
Total Non-Utility External Annual Ongoing Financing Costs	\$ -
Ongoing Servicer Fees (Utility as Servicer)	\$ -
Accounting Costs (External)^	\$ -
Total (Utility as Servicer) Estimated Annual Ongoing Financing Costs	\$ -
Ongoing Servicer Fees as % of original principal amount	%
Ongoing Servicer Fees (Third-Party as Servicer - []% of principal) Other External Ongoing Fees (total of lines marked with a ^ mark	\$ -
above)	\$ -
Total (Third-Party as Servicer) Estimated Ongoing Financing Costs	\$ -

Note: The amounts shown for each category of ongoing financing costs on this attachment are the expected costs for the first year of the ratepayer-backed bonds. WSC Charges will be adjusted at least semi-annually to reflect the actual ongoing financing costs through the true-up process described in the Financing Order, except that the servicing fee is fixed as long as the Utility (or any affiliate) is servicer.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 57 of 76

APPENDIX A
FORM OF ISSUANCE ADVICE LETTER
PAGE 9

ATTACHMENT 2

SCHEDULE C

BENEFITS VERSUS CONVENTIONAL FINANCING

	Conventional Financing	Ratepayer-Backed Bond Financing	Savings/(Cost) of Ratepayer-Backed
			Bond Financing
Present Value	\$	\$	\$

The present value discount factor shall be the rate needed to discount future debt service payments on the Bonds to the net proceeds of Bonds, including accrued interest, DSRS and any contingency retained by the trustee.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 58 of 76

APPENDIX A
FORM OF ISSUANCE ADVICE LETTER
PAGE 10

ATTACHMENT 3

INITIAL ALLOCATION OF COSTS TO SERVICE LEVELS

(1)	(2)
Service Level	WSC Charge ¹
1	%
2	%
3	%
4,5	%
6	%

Total 100.0000%

¹ Determined in accordance with the WSC Rider in Appendix B to the Financing Order.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 59 of 76

APPENDIX A
FORM OF ISSUANCE ADVICE LETTER
PAGE 11

ATTACHMENT 4

UTILITY CERTIFICATION

THE OKLAHOMA CORPORATION COMMISSION ATTN: Chairman Jim Thorpe Office Building 2101 N. Lincoln Blvd. Oklahoma City, Oklahoma 73105

Pursuant to the Final Financing Order issued on the ______ day of _____, 202_ in Cause No. PUD 202100076 before the Oklahoma Corporation Commission, Application of Public Service Company of Oklahoma For A Financing Order Pursuant to the February 2021 Regulated Utility Consumer Protection Act Approving Securitization of Costs Arising from the Extreme Winter Weather Event of February 2021 (the "Financing Order"), PUBLIC SERVICE COMPANY OF OKLAHOMA (the "Utility" or the "Applicant") certifies that the calculation of the WSC Charges included in the Issuance Advice Letter were calculated in accordance with the Financing Order. If the Public Utility Division of the Oklahoma Corporation Commission determines that the calculation of the WSC Charges contained any mathematical error, such error will be corrected upon the next implementation of the true-up and reconciliation process.

Any capitalized terms not defined in this certification shall have the meanings ascribed to them in the Financing Order or the February 2021 Regulated Utility Consumer Protection Act, 74 Okla. Stat. §§ 9071-9081.

Respectfully submitted,

PUBLIC SERVICE COMPANY OF OKLAHOMA

': - <u>-</u>		
me:		
tle:		

cc: Director of the Public Utility Division, Oklahoma Corporation Commission

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 60 of 76

APPENDIX B WSC RIDER PAGE 1

WSC RIDER

PURPOSE

This Winter Storm Cost (WSC) Rider is designed to recover from customers the amounts necessary to service, repay, and administer customer-backed bonds associated with the February 2021 Winter Storm Event (Winter Event) pursuant to the terms of the financing order as approved by the Oklahoma Corporation Commission in Cause No. PUD 202100076. WSC Rider is applicable to customers taking service under the Company's standard rate schedules. All other provisions of the standard pricing schedules shall apply. This rider is applicable to billed energy consumption of retail customers taking service from the Company during the term that this rider is in effect, and to the facilities, premises, and loads of all other retail customers obligated to pay WSC Rider charges. This WSC Rider is to become a part of each Oklahoma retail rate schedule and shall be applicable to the energy (kWh) usage for service level ("SL") 3, 4, 5 and 6 customers and to blocks of energy (defined below in the STANDARD FACTOR DETERMINATION section) for SL 1 and 2 customers of each respective Oklahoma retail rate schedule. For service locations that received SL 1 or SL 2 service during the Weather Event, the WSC mechanism shall continue to be applied to these service locations at those respective SL WSC rates. For customers who take service under the Company's Net Energy Billing Option (NEBO), the WSC should apply to the gross kWh of energy the Company delivers to the customers.

TERM

This rider shall remain in effect until the complete repayment and retirement of any customer-backed bonds, or refunding bonds, associated with the Winter Event. This schedule is irrevocable and nonbypassable for the full term during which it applies.

WINTER STORM COST RIDER TRUE-UP

The initial WSC rates will be submitted on the day following the pricing of the bonds and shall become effective the first billing cycle following the closing of the bonds. All succeeding factor redetermination submissions and effective dates will be semi-annual (every six months) thereafter, provided, commencing 12 months prior to the scheduled final payment date of the Bonds, the succeeding factor redeterminations and effective dates shall be quarterly. WSC rates will be submitted at least 30 days prior to the proposed effective date. The Company will submit to the Public Utility Division (PUD) of the Oklahoma Corporation Commission the redetermined WSC rates for each service level, with information supporting the calculation. Interim redeterminations may be made outside of the standard semi-annual, or quarterly, timeframe in order to correct for over- or under-collection, to be submitted no later than 15 days before the rate is to be effective. In the event that the forecasted billing units for one or more of the WSC customer classes for an upcoming period decreases by more than 10% of the threshold billing units, the Company shall submit a non-standard, semi-annual true-up at least 90 days prior to the first billing cycle for the Company's corresponding billing month on which the new WSC shall become effective.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 61 of 76

APPENDIX B
WSC RIDER AND ALLOCATION METHODOLOGY
PAGE 2

DETERMINATION OF WINTER STORM COST (WSC) RATES

WSC Rates will be submitted to the Director of the PUD, and all other parties of record in Oklahoma Corporation Commission (OCC) Case No. PUD 202100076, and adjusted no less frequently than semi-annually in order to ensure that the expected collection of WSCs is adequate to pay when due, pursuant to the expected amortization schedule, principal and interest on the Winter Storm Bonds and pay on a timely basis other Qualified Costs. The WSC Rates shall be computed by multiplying the Periodic Billing Requirement Allocation Factor (PBRAF) times the Periodic Billing Requirement (PBR) for the projected period in which the adjusted WSC Rates are expected to be in effect (WSC Period), and dividing such amount by the billing units of the WSC customer class, as shown in the following formula:

WSC = [(PBR * PBRAF) + P]/FBU

where.

WSC WSC Rate applicable to a WSC rate class during the WSC

Period;

PBR Periodic Billing Requirement is the amount to be amortized

for the WSC Period;

PBRAF Periodic Billing Requirement Allocation Factor as approved

in Cause No. PUD 202100076.

WSC Rate Class		Allocation
Residential - Secondary		53.091%
Commercial -Secondary	*	25.222%
SL 3 - Primary		7.272%
SL 2 – Primary Sub		11.811%
SL 1 - Transmission		2.604%
*Includes Lighting		

P = Prior period over-/under-recovery for such class;

FBU Forecasted Billing Units (i.e., class-specific energy billing units) currently forecast for a class for the WSC period.

STANDARD FACTOR DETERMINATION

WSC rates will be computed and submitted to the Public Utility Division of the Oklahoma Corporation Commission ("PUD") and all other parties of record in Oklahoma Corporation Commission (OCC) Case No. PUD 202100076 on a semi-annual basis. In each semi-annual

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 62 of 76

APPENDIX B
WSC RIDER AND ALLOCATION METHODOLOGY
PAGE 3

submission the Company will provide to PUD and the parties of record the redetermined WSC rate, for each SL class, and information and workpapers supporting such re-determined factors for informational purposes. The initial WSC rates will be submitted on the day following the pricing of the bonds and shall become effective the first billing cycle following the closing of the bonds. All succeeding factor redetermination submissions and effective dates will be semi-annual (every six months), provided that such factor redetermination submissions and effective dates will be quarterly commencing 12 months prior to the scheduled final payment date of the Bonds. WSC rates will be submitted at least 30 days' prior to the proposed effective date. The Public Utility Division shall endeavor to complete its review, which shall be limited to a review for mathematical corrections or manifest error, within 30 days. Any necessary corrections to the true-up adjustment, due to mathematical errors in the calculation of such adjustment, which are not provided to the Company prior to five days prior to the effective date will be made in the next succeeding true-up adjustment.

A WSC rate will be calculated for each SL class for the next two six-month recovery periods. The WSC rate to implement for each SL class shall be the higher of these two calculations.

CLASS REVENUE REQUIREMENT:

WSC Revenue Requirement SL Class = (A * B SL Class) + C SL Class

Where:

A = Oklahoma Jurisdictional Winter Event revenue requirement (i.e. debt service and ongoing costs) for the applicable six-month recovery period;

B = SL class Energy Allocator

C = SL class true-up balance and SL class uncollectible balance

TRANSMISSION (SL 1) and DISTRIBUTION SUBSTATION (SL 2) BILLING: The WSC mechanism shall be applied to service locations based on the Service level under which the service location took service during the Winter Event. Each service location shall be billed a monthly fixed charge for the mechanism. The monthly fixed charge shall be calculated as:

MBR_ix Number of Blocks

Where

MBR_i = Monthly Block Rate for SL class

= WSC Revenue Requirement SL Class
Blocks SL Class

The number of Blocks each service location shall be billed is calculated as:

Event kWh 100,000 kWh per Block

Where

Winter Event period kWh usage shall be actual kWh usage for SL 1 and 2 customers.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 63 of 76

APPENDIX B
WSC RIDER AND ALLOCATION METHODOLOGY
PAGE 4

Service locations whose Winter Event kWh is less than 100,000 kWh, including customers who had no usage or zero Winter Event kWh usage, and including any service locations new to PSO after the Winter Event, shall be deemed to have one (1) block for WSC billing purposes.

<u>DISTRIBUTION (SL 3, 4, 5 and 6) BILLING</u>: The billing factors for the SL 3, 4, 5 and 6 customer classes shall be computed as follows:

WSC Rate SL Class = SL Class kWh

Where, SL Class kWh are the projected sales for the applicable 6-month recovery period.

PRICE: The WSC rate for each SL shall be applied as shown in the table below.

TRANSMISSION (SL 1) and DISTRIBUTION SUBSTATION (SL 2):

Service Level	Monthly (\$/Block)	Block	Rate
1	\$XXX.XX		
2	\$XXX.XX		-

<u>DISTRIBUTION PRIMARY (SL 3), COMMERCIAL SECONDARY (SL 4 & 5) and RESIDENTIAL (SL 6):</u>

Service Level	WSC KWH Rate (\$/kWh)
3	\$0.XXXXXX
4,5	\$0.XXXXXX
6	\$0.XXXXXX

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 64 of 76

APPENDIX C
ESTIMATED ISSUANCE COSTS AND ONGOING FINANCING COSTS
PAGE 1

ESTIMATED ISSUANCE COSTS

	Issuance Costs
Underwriters' Fees and Expenses	
Underwriters' Counsel Legal Fees and Expenses	
ODFA Legal and Advisory Fees and Expenses	
ODFA Financing Acceptance Fee	
State Treasurer Fees and Expenses	
Bond Counsel Fees	
Rating Agency Fees and Expenses	
Commission Fees/Expenses	.]
Printing	
Trustee's/Trustee Counsel's Fees and Expenses	
Original Issuance Discount	
Cost of Swaps and Hedges	
Other Credit Enhancements (Overcollateralization Subaccount)	
Rounding/Contingency	
Debt Service Reserve Subaccount (DSRS)	
Total Non-Utility External Issuance Costs	
Utility's Financial Advisor Fees and Expenses	
Utility's Counsel Legal Fees and Expenses	
Utility's Non-legal Securitization Proceeding Costs and Expenses	
Utility's Miscellaneous Administrative Costs	
Servicer's Set-Up Costs	
External Servicing Costs (Accountant's)	
Total ODFA Issuance Costs	
Total Estimated Issuance Costs	

Note: Any difference between the Estimated Issuance Costs financed for, and the actual Issuance Costs incurred by, the Authority, the Commission (including the Public Utility Division) and (except as capped) the Utility will be resolved, if estimates are more or less than actual, through the WSC Rider or as otherwise authorized by the Financing Order.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 65 of 76

APPENDIX C
ESTIMATED ISSUANCE COSTS AND ONGOING FINANCING COSTS
PAGE 2

ESTIMATED ONGOING FINANCING COSTS

	Itemized Annual Ongoing Financing Costs
True-Up Administration Fees ^	
ODFA Administration Fees ^	
ODFA Legal Fees ^	
Trustee's/Trustee's Counsel Fees and Expenses ^	
Rating Agency Fees and Related Expenses^	
Miscellaneous ^	
^ //	
Other Credit Enhancements ^	
Total Non-Utility External Annual Ongoing Financing Costs	
Ongoing Servicer Fees (Utility as Servicer) *	
Accounting Costs (External) ^	
Total Utility Annual Ongoing Financing Costs	
Total (Utility as Servicer) Estimated Ongoing Financing Costs	
Ongoing Servicer Fees (Third-Party as Servicer - []% of principal)	
Other External Ongoing Fees (total of lines marked with a ^ mark above)	~
Total (Third Party as Servicer) Estimated Ongoing Financing Costs	

Note: The amounts shown for each category of ongoing financing costs on this attachment are the expected costs for the first year of the ratepayer-backed bonds. WSC Charges will be adjusted at least semi-annually to reflect the actual ofinancing costs through the true-up process described in the Financing Order, except that the servicing fee is fixed as long as the Utility (or its affiliate) is servicer.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 66 of 76

APPENDIX D
FORM OF TRUE-UP LETTER
PAGE 1

TRUE-UP LETTER

[ODFA Letterhead]

Date:	, 202
ATTN: Chair	
	Office Building, 2101 N Lincoln Blvd ity, OK 73105
Re:	Application of Public Service Company of Oklahoma for a Financing Order Pursuant to the February 2021 Regulated Utility Consumer Protection Act Approving Securitization of Costs arising from the Extreme Winter Weather Event of February 2021, and Related Relief, Cause No. PUD 202100076 (Financing Application)
Dear	;
202100076 In Company of Consumer Programmer Programmer Ever Company of successor Seannually [quantum apply for mode capitalized to company of the capitalized to capitalize	before the Oklahoma Corporation Commission, Application of Public Service Oklahoma for a Financing Order Pursuant to the February 2021 Regulated Utility rotection Act Approving Securitization of Costs arising from the Extreme Winter ent of February 2021, and Related Relief(the "Financing Order"), Public Service Oklahoma (the "Utility"), as Servicer of the Ratepayer-Backed Bonds, or any ervicer on behalf of bond trustee as assignee of the ODFA shall apply [semi-arterly] for a mandatory periodic adjustment to the WSC Charge. The Utility may be frequent periodic adjustments in accordance with the Financing Order. Any erms not defined herein shall have the meanings ascribed thereto in the Financing February 2021 Regulated Utility Consumer Protection Act, 74 Okla. Stat. §§ 9071-ct").
billing cycle 30 days afte accuracy of t the effective	adjustment shall be submitted to the PUD not less than 30 days prior to the first of the month in which the revised WSC Charges will be in effect. The PUD will have r the date of the true-up adjustment filing in which to confirm the mathematical the servicer's adjustment. However, any mathematical correction not made prior to date of the WSC Charge will be made in future true-up adjustment filings and will effectiveness of the WSC Charge.

Using the formula approved by the Commission in the Financing Order, this filing modifies the variables used in the WSC Charge calculation and provides the resulting modified WSC Charge. Attachments 1, 2 and 3 show the resulting values of the WSC Charge for each Customer class, as calculated in accordance with the Financing Order. The assumptions underlying the current WSC Charge were filed by the Utility and the ODFA in an [Issuance Advice]/True-up Letter dated

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 67 of 76

APPENDIX D
FORM OF TRUE-UP LETTER
PAGE 2

Respectfully submitted,

[Utility]	
By:	
Name:	
Title:	

Attachments

cc: Director of the Public Utility Division, Oklahoma Corporation Commission

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 68 of 76

APPENDIX D
FORM OF TRUE-UP LETTER
PAGE 3

ATTACHMENT 1

CALCULATION OF WSC CHARGES

Estimated Ongoing Financing Costs	1
True-Up Administration Fees ^	
ODFA Administration Fees ^	
ODFA Legal Fees ^	
Trustee's/Trustee's Counsel Fees and Expenses ^	
Rating Agency Fees and Related Expenses^	
Miscellaneous ^	
٨	
Other Credit Enhancements ^	
Total Non-Utility External Annual Ongoing Financing Costs	
Ongoing Servicer Fees (Utility as Servicer) *	
Accounting Costs (External) ^	
Total Utility Annual Ongoing Financing Costs	
Total (Utility as Servicer) Estimated Ongoing Financing Costs	
Ongoing Servicer Fees (Third-Party as Servicer – []% of principal)	
Other External Ongoing Fees (total of lines marked with a ^ mark	==
above)	
Total (Third Party as Servicer) Estimated Ongoing Financing Costs	

Input Values For WSC Charges	
Projected usage for payment period (See Attachment 3)	
Forecast uncollectables for payment period	
Average Days Sales Outstanding	
Balance of Collection Account (Net of Capital Subaccount) (As of xx/xx,	
which is the Calculation Cut-off Date)	
Projected WSC Charges Between Calculation Cut-off Date and Proposed	
Effective Date of True-Up Adjustment	
A. Ratepayer-Backed Bond Principal	
B. Ratepayer-Backed Recovery Bond Interest	
C. Ongoing Financing Costs for the applicable payment period (See Table 1	
above)	
Periodic Payment Requirement(Sum of A, B and C)	
Periodic Billing Requirement (See Attachment 2)	

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 69 of 76

APPENDIX D FORM OF TRUE-UP LETTER PAGE 4

ATTACHMENT 2

WSC CHARGE CALCULATIONS

[Calculation Workpapers to be included]

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 70 of 76

APPENDIX D FORM OF TRUE-UP LETTER PAGE 5

ATTACHMENT 3

WSC CHARGE FOR PAYMENT PERIOD

Customer classes (Service Level)	WSC Charge
1	
2	
3	
4,5	
6	

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 71 of 76

APPENDIX E FORM OF NON-STANDARD TRUE-UP LETTER PAGE 1

FORM OF NON- STANDARD TRUE-UP LETTER

[ODFA Letterhead]

Date:, 202_
Oklahoma Corporation Commission ATTN: Chairman
Jim Thorpe Office Building, 2101 N Lincoln Blvd Oklahoma City, OK 73105
Re: Application of Public Service Company of Oklahoma for a Financing Order Pursuant to the February 2021 Regulated Utility Consumer Protection Act Approving Securitization of Costs arising from the Extreme Winter Weather Event of February 2021, and Related Relief, Cause No. PUD 202100076
Dear:
Pursuant to the Final Financing Order adopted on the day of, 202_ in Cause No. PUD 202100076 before the Oklahoma Corporation Commission, Application of Public Service Company of Oklahoma for a Financing Order Pursuant to the February 2021 Regulated Utility Consumer Protection Act Approving Securitization of Costs arising from the Extreme Winter Weather Event of February 2021, and Related Relief, (the "Financing Order"), Public Service Company of Oklahoma (the "Utility"), as Servicer of the Ratepayer-Backed Bonds, or any successor servicer on behalf of bond trustee as assignee of the ODFA, shall apply for a Non-Standard True-Up to the WSC Charge as it deems necessary to address any material deviations in usage and to change the Energy Allocation Factors. Any capitalized terms not defined herein shall have the meanings ascribed thereto in the Financing Order or the February 2021 Regulated Utility Consumer Protection Act, 74 Okla. Stat. §§ 9071-9081 (the "Act").
Each Non-Standard True-up shall be submitted to the PUD not less than 90 days prior to the first billing cycle of the month in which the revised methodology for calculating WSC Charges will be in effect. The PUD will have 90 days after the date of the true-up adjustment filing in which to confirm the mathematical accuracy of the servicer's adjustment. However, any mathematical correction not made prior to the effective date of the WSC Charge will be made in future true-up adjustment filings and will not delay the effectiveness of the WSC Charge.
Attachments [] show the revised methodology for calculating the WSC Charges.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 72 of 76

APPENDIX E
FORM OF NON-STANDARD TRUE-UP LETTER
PAGE 2

Respectfully submitted,

[Utility]	
By:	
Name:	ē
Title:	

Attachments

cc: Director of the Public Utility Division, Oklahoma Corporation Commission

[ATTACHMENTS AND WORKPAPERS TO BE INCLUDED]

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 73 of 76

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE)	
COMPANY OF OKLAHOMA ("PSO") FOR)	CALIGE NO DUD 202100076
APPROVAL OF A FINANCING ORDER FOR)	CAUSE NO. PUD 202100076
THE COLLECTION OF INCREASED COSTS,)	
CAUSED BY THE EXTREME WINTER)	9
WEATHER AND CONTAINED IN THE)	
REGULATORY ASSET AUTHORIZED BY)	
ORDER 717625, INCLUDING AN)	
APPROPRIATE CARRYING COST, AND SUCH)	
OTHER RELIEF AS THE COMMISSION)	
DEEMS PSO IS ENTITLED)	

Filed February 10, 2022 Re: Order No. 723434

DISSENTING OPINION OF COMMISSIONER BOB ANTHONY

WARNING: Unlawful, unwise, unjust and financially catastrophic potential consequences of the Corporation Commission majority's fundamentally flawed financing orders imposing onerous, overpriced, nonconsensual debt on Oklahoma's residential ratepayers are foretold by the following:

- Violating Article X, § 25 of the Oklahoma Constitution by contracting non-"self-liquidating" public debt without a vote of the people.
- Amending by implication Article IX of the Oklahoma Constitution (74 O.S. § 9081) without
 a vote of the people, adding potentially hundreds of as-of-yet unspecified words in an attempt
 to resolve the constitutional conflicts and inconsistencies created by the ratepayer-backed
 bond orders.
- Declaring hundreds of millions of dollars in extreme, extraordinary and excessive gas and purchased power costs to be "fair, just and reasonable expenses and prudently incurred" based on black-box settlement agreements instead of completing the thorough investigations required by law (17 O.S. § 263).
- Tacking additional hundreds of millions of dollars in interest, fees, commissions and financing obligations onto the bills of public utility customers by forcing them to pay for nonconsensual ratepayer-backed bonds over 20, 25 or 28 years!!!

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 74 of 76

Dissenting Opinion by Commissioner Bob Anthony - PUD 202100076

- Retroactively violating the Filed Rate doctrine (Art. IX, §§ 18 and 24) and ratepayers' constitutional contract rights (Art. II, §§ 7 and 23) under their tariff agreements with utilities by, among other things, requiring customers to pay for gas and electricity they did not consume in addition to bond-financing costs not part of the "actual cost of fuel or gas purchased" allowed by law (OAC 165:50-3-1).
- Writing blank checks on the accounts of ratepayers by authorizing unquantifiable, apparently unlimited millions of dollars *more* in uncapped issuance costs for so-called "Credit Enhancement and Arrangements to Enhance Marketability" (including letters of credit, overcollateralization accounts, surety bonds, and other financial guarantees) ostensibly to "enhance marketability" of the ratepayer-backed bonds, but in reality, opening the door to *untold millions more* in self-dealing, cronyism, brother-in-law benevolence, and other political patronage from which neither the Corporation Commission nor "any court in this state" will have the ability to protect ratepayers.
- Abrogating the legal right of any person to file a "complaint" under Commission Rules (OAC 165:50-5-3) objecting to the operation of a utility's fuel or purchased gas adjustment clause, and circumventing the "general public hearing" related thereto.
- Retroactively bilking consumers by allowing a <u>much higher</u> interest rate range of 2.37% to 6.0% through ratepayer-backed bonds than the near 1% one-year U.S. Treasury Securities interest rate specified by the OCC's existing tariffs and rules (OAC 165:35-19-10) as a Carrying Charge Rate in the Fuel Cost Adjustment calculation.
- Bogusly claiming "substantial" "customer savings" and outrageously misrepresenting the
 actually-some-40%-or-more <u>higher</u> costs of ratepayer-backed bonds to the detriment of
 ratepayers and in violation of the stated legislative intent of the *February 2021 Regulated Utility Consumer Protection Act*.
- Misleadingly insisting utilities are "not profiting" from securitization or operation of the fuel
 cost adjustment when the utility companies benefit financially both from transferring the
 winter storm debt off their balance sheets and onto ratepayers, and by getting paid millions of
 dollars to service the debt created by the bonds.
- Precedent-setting pancaking multiple layers of ratepayer-backed debt on future generations of gas and electric customers who can only pray there are no more "winter storm events" in the next thirty years while they are still paying off this one.

Today's PSO final Financing Order (2-1 vote) does not comply with the plain text of the so-called "Consumer Protection" Act. 74 O.S. Supp. 2022 Section 9073 required the Commission to show that the securitization of February 2021 winter storm costs provides "substantial" savings to ratepayers compared with traditional public utility financing. In that regard, how can you find that there are "substantial" savings, when you do not know how much the ratepayer-backed bonds will actually cost? The Financing Order shifts to ODFA the Commission's

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 75 of 76

Dissenting Opinion by Commissioner Bob Anthony - PUD 202100076

constitutional duty to address repayment of the storm related debt as well as set related fair, just and reasonable rates and charges. Under the Financing Order, ODFA can set the interest for ratepayer-backed bonds between 2.37% and 6.0%. Over the twenty-year life of the bonds, the difference in total interest accrued could vary between 180 million dollars at 2.37% and over 450 million dollars at 6.0% interest.

"Traditional utility financing" might legitimately be used to finance a new electric generating plant, but it is unjustifiable to pay for unconstitutional, nonconsensual debt retroactively forced on residential ratepayers. These bonds are like the salesman who sold you a car calling you up years later and saying you actually owe 40% more — BUT, he says, he's "saving" you money because he's not charging you the price of a new luxury car.

Having been repeatedly warned of these potential consequences, for Corporation Commissioners to persist in writing blank checks on the accounts of Oklahoma ratepayers is nothing short of malfeasance.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 1
Page 76 of 76

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 1 of 71

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 20^{th} day of September 2013.

CASE NO. 12-1188-E-PC

APPALACHIAN POWER COMPANY and WHEELING POWER COMPANY, both doing business as AMERICAN ELECTRIC POWER

Petition for consent and approval of application to securitize uncollected expanded net energy costs pursuant to $\underline{W.Va.\ Code}$ $\S24-2-4f$ and affiliated agreements pursuant to $\underline{W.Va.\ Code}$ $\S24-2-12$.

FINANCING ORDER

I.	INTRO	ODUCTION	1
	A. B. C. D.	BACKGROUND	3 4
II.	DISCU	USSION AND STATUTORY OVERVIEW	5
III.	DESC	CRIPTION OF PROPOSED TRANSACTION	8
IV.		ONT AND ONGOING FINANCING COSTS ELIGIBLE FOR	11
	A. B.	Upfront Financing Costs. Ongoing Financing Costs.	
<u>V.</u>	FIND]	INGS OF FACT	13
	A. B. C. D. E. F. G.	IDENTIFICATION OF APPLICANTS AND PROCEDURAL HISTORY APPLICATION HISTORY APPROVAL OF SECURITIZATION JOINT STIPULATION COSTS TO BE SECURITIZED. AMOUNT AUTHORIZED TO BE SECURITIZED RATE OF RETURN ISSUANCE ADVICE LETTER PROCEDURE; PROVISION OF INFORMATION TO	15 18 18 19
		COMMISSION	20

	H.	FINANCIAL BENEFIT	21
	I.	STRUCTURE OF THE PROPOSED SECURITIZATION	21
	J.	CREDIT ENHANCEMENT AND ARRANGEMENTS TO REDUCE CREDIT RISK OR	
		ENHANCE MARKETABILITY	23
	K.	CONSUMER RATE RELIEF PROPERTY	23
	L.	SERVICER AND THE SERVICING AGREEMENT	24
	M.	CONSUMER RATE RELIEF BONDS	
	N.	SECURITY FOR THE CONSUMER RATE RELIEF BONDS	26
	O.	CONSUMER RATE RELIEF CHARGES: IMPOSITION AND COLLECTION AND	
		Nonbypassability	
	P.	ALLOCATION AND CALCULATION OF CONSUMER RATE RELIEF CHARGES	30
	Q.	TRUE-UP ADJUSTMENT MECHANISM	31
	R.	COMMISSION FINANCIAL ADVISOR	
	S.	LOWEST CONSUMER RATE RELIEF CHARGES	35
	T.	USE OF PROCEEDS	
	U.	DISTRIBUTION FOLLOWING REPAYMENT	37
	V.	ECONOMIC ASSURANCES	37
<u>VI.</u>	CONC	LUSIONS OF LAW	38
VII.	ORDE	RING PARAGRAPHS	44
<u>VII.</u>			
VII.	A.	APPROVALS	
VII.		APPROVALS	44
VII.	A. B.	Approvals Provision of Information; Issuance Advice Letter Procedure and Related Matters	44 45
VII.	A. B. C.	APPROVALS	44 45 46
VII.	A. B.	Approvals Provision of Information; Issuance Advice Letter Procedure and Related Matters	44 45 46 47
VII.	A. B. C. D.	APPROVALS	45 46 47
VII.	A. B. C. D. E. F.	APPROVALS PROVISION OF INFORMATION; ISSUANCE ADVICE LETTER PROCEDURE AND RELATED MATTERS CONSUMER RATE RELIEF CHARGES. CONSUMER RATE RELIEF PROPERTY CONSUMER RATE RELIEF BONDS.	44 45 46 47 49
VII.	A. B. C. D. E.	APPROVALS PROVISION OF INFORMATION; ISSUANCE ADVICE LETTER PROCEDURE AND RELATED MATTERS CONSUMER RATE RELIEF CHARGES. CONSUMER RATE RELIEF PROPERTY CONSUMER RATE RELIEF BONDS. SERVICING	44 45 47 47 49
VII.	A. B. C. D. E. F. G.	APPROVALS PROVISION OF INFORMATION; ISSUANCE ADVICE LETTER PROCEDURE AND RELATED MATTERS CONSUMER RATE RELIEF CHARGES. CONSUMER RATE RELIEF PROPERTY CONSUMER RATE RELIEF BONDS. SERVICING STRUCTURE OF THE SECURITIZATION	44 45 47 47 49 51
	A. B. C. D. E. F. G. H. I.	APPROVALS PROVISION OF INFORMATION; ISSUANCE ADVICE LETTER PROCEDURE AND RELATED MATTERS CONSUMER RATE RELIEF CHARGES. CONSUMER RATE RELIEF PROPERTY CONSUMER RATE RELIEF BONDS. SERVICING STRUCTURE OF THE SECURITIZATION USE OF PROCEEDS	44 45 47 47 49 51
Apper	A. B. C. D. E. F. G. H. I.	APPROVALS PROVISION OF INFORMATION; ISSUANCE ADVICE LETTER PROCEDURE AND RELATED MATTERS CONSUMER RATE RELIEF CHARGES. CONSUMER RATE RELIEF PROPERTY CONSUMER RATE RELIEF BONDS. SERVICING STRUCTURE OF THE SECURITIZATION USE OF PROCEEDS. MISCELLANEOUS PROVISIONS	44 45 47 47 49 51
Apper	A. B. C. D. E. F. G. H. I. adix A:	APPROVALS PROVISION OF INFORMATION; ISSUANCE ADVICE LETTER PROCEDURE AND RELATED MATTERS CONSUMER RATE RELIEF CHARGES. CONSUMER RATE RELIEF PROPERTY CONSUMER RATE RELIEF BONDS. SERVICING. STRUCTURE OF THE SECURITIZATION USE OF PROCEEDS. MISCELLANEOUS PROVISIONS Estimated Upfront Financing & Ongoing Financing Costs	44 45 47 47 49 51

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 3 of 71

FINANCING ORDER

This Financing Order addresses the application (Application) of Appalachian Power Company (APCo) and Wheeling Power Company (WPCo and, together with APCo, the Applicants), under W.Va. Code §24-2-4f (the Act) for: (1) approval of recovery of specified consumer rate relief costs including uncollected expanded net energy costs (ENEC) and certain financing costs (as such terms are defined in the Act) through a securitization financing under the Act; (2) approval of the proposed securitization financing structure and issuance of consumer rate relief bonds; (3) approval of and authority to impose, charge and collect consumer rate relief charges sufficient to pay principal of and interest on the consumer rate relief bonds plus ongoing financing costs on a timely basis; and (4) approval and authorization of the Consumer Rate Relief Charge Schedule (CRRC Schedule) (as defined below) to be filed as part of APCo's tariff to implement the consumer rate relief charges.

I. INTRODUCTION

A. Background

In 2006 the Commission issued an order in Case No. 05-1278-E-PC-PW-42T (2005 Base Case) approving a Joint Stipulation and Agreement for Settlement to reinstate the ENEC proceedings involving the Applicants to be filed by March 1st of each year thereafter. Those proceedings and subsequent ENEC proceedings are hereinafter referred to collectively as the ENEC Proceedings. The Applicants' 2012 ENEC Proceeding was designated Case No. 12-0399-E-P and culminated in a Joint Stipulation and Agreement for Settlement (2012 Joint Stipulation) filed by the parties stipulating to the 2012 Joint Stipulation (2012 Stipulating Parties) and a July 26, 2012 Commission Interim Order adopting the 2012 Joint Stipulation as a reasonable resolution of that ENEC Proceeding. Exhibit A to the 2012 Joint Stipulation specified the level of the Applicants' under-recovered ENEC balance as of December 31, 2011 (and the derivation thereof), in the amount of \$311.9 million, quantified a number of ENEC-related deferrals as of December 31, 2011, and identified without quantification other ENEC deferrals.

On August 22, 2012, the Applicants filed their Application for Financing Order, Approval of Affiliated Agreements, and Related Relief, consisting of the application, attachments and supporting testimony and exhibits (Application), seeking approval, among other things, to finance their unrecovered expanded net energy costs through a securitization financing mechanism (Securitization) provided for in the Act. Specifically, Applicants requested that the Commission approve the recovery of consumer rate relief costs through securitization under the Act and the issuance of consumer rate relief bonds in an amount equal to the sum of the following amounts: (i) the under-recovered ENEC balance as of December 31, 2011 of \$311,872,391, (ii) \$26,022,676 of deferred bonus coal payments, (iii) \$1,925,000 of charges relating to the phase-in of the 2010 Transmission Agreement which have been previously deferred for recovery in future ENEC filings, (iv) estimated carrying charges through an assumed issuance date of February 5, 2013 on the under-recovered ENEC balance in the amount of \$36,965,878, (v) \$22,695,371 in deferred costs related to service to Century Aluminum of West Virginia, Inc. (Century), (vi) \$10,837,893 of the estimated deferred ENEC balance relating to the

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 4 of 71

Dresden plant, and (vii) \$4,879,622 relating to the estimated deferred balance of credits (pursuant to the 7.5% cap on rate increases approved in the Applicants' 2011 ENEC Proceeding) given to customers served under the Applicants' LCP and IP Schedules and Special Contracts for 2012 (the amount described in clauses (i) through (vii), as adjusted, the Application ENEC Securitization Amount), together with (viii) an estimated \$7,101,169 million of upfront financing costs (Upfront Financing Costs, as described below) relating to the costs of issuing the bonds. The Upfront Financing Costs would be subject to change and update prior to the pricing of the consumer rate relief bonds and approval through the Issuance Advice Letter Procedure (as defined below) authorized in this Financing Order.

Beginning on February 8, 2013, the following parties to this proceeding (Securitization Stipulating Parties), APCo and WPCo, the Staff of the Public Service Commission of West Virginia (Staff), the Consumer Advocate Division of the Public Service Commission of West Virginia (CAD), Century, SWVA, Inc. (SWVA), Air Products & Chemicals, Inc., Axiall Corporation, Bayer CropScience, Bayer MaterialScience, Constellium Rolled Products, E.I. du Pont de Nemours and Company, EQT Corporation, Huntington Alloys, and West Virginia Manufacturing, represented jointly as West Virginia Energy Users Group (WVEUG), engaged in settlement negotiations and on March 13, 2013, the Securitization Stipulating Parties filed a Joint Stipulation and Agreement for Settlement (Securitization Joint Stipulation). In the Securitization Joint Stipulation, the Securitization Stipulating Parties agreed, inter alia, to certain modifications to the Application ENEC Securitization Amount and proposed that the Commission should authorize APCo to securitize an amount equal to the Application ENEC Securitization Amount as adjusted by the Securitization Joint Stipulation (Total Stipulation Securitization Amount), consisting of the Fixed Stipulation Securitization Amount of \$376,024,583, together with Upfront Financing Costs equal to sum of (1) the fees charged and costs incurred by the Commission Financial Advisor (hereinafter defined) and (2) the lesser of \$5,750,000 or the actual aggregate amount of the other Upfront Financing Costs (i.e., other than the fees and costs of the Commission Financial Advisor) actually incurred by the Applicants pursuant to the terms hereof. The Securitization Stipulating Parties requested that the Commission approve and adopt the Financing Order in its entirety and without modification, as the full and final resolution of the issues raised in this proceeding.

In order for this Commission to authorize a securitization under the Act, this Commission must find, *inter alia*, that the issuance of consumer rate relief bonds and the imposition of consumer rate relief charges under the Act are just and reasonable and are reasonably expected to achieve the lowest reasonably attainable cost in order to produce cost savings to electric utility customers and to mitigate rate impacts on electric utility customers, as compared to traditional financing mechanisms or traditional cost recovery methods available to the electric utility (these statutory requirements are collectively referred to as the Lowest Cost Objective).¹

Although the Applicants are both qualifying utilities eligible to utilize securitization, the Applicants have elected for APCo to be the sole initial owner and seller of the consumer rate relief property to be created under the Financing Order and for APCo to carry the full responsibility of servicing the consumer rate relief property. As explained in the Application, ensuring that APCo is the sole seller/initial servicer in the Securitization will assist in satisfying

¹ See W.Va. Code §24-2-4f(e)(4).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 5 of 71

the Lowest Cost Objective. Moreover, all of the Applicants' under- and over-recoveries relating to ENEC are currently carried on the books of APCo and all of the under-recoveries constitute expanded net energy costs and consumer rate relief costs (each as defined by the Act) eligible to be securitized, and causing the consumer rate relief bonds to be issued through APCo alone will still permit uniformity of rates as between the Applicants. In order to allow APCo to sponsor the securitization and maintain the uniformity of rates between the Applicants, the Applicants proposed that the ENEC rates approved in the 2012 ENEC Proceeding and as shown on the new Original Sheet No. 34 in APCo's P.S.C. W. VA. Tariff No. 13 and WPCo's Tariff No. 18 remain in effect following this proceeding for WPCo customers. The Applicants further proposed that the rates approved in the 2012 ENEC Proceeding would be used as they are today to determine the amount of revenue that is applied to the Applicants' over/under recovery position and would continue to be carried on APCo's books. It is proposed that the ENEC rates of APCo would be adjusted downward by an amount equal to the consumer rate relief charges so that the ENEC recovery component and the consumer rate relief charge component, cumulatively, of APCo's rates will be equal to the ENEC rates charged by WPCo; the foregoing shall have no impact upon the calculation or imposition of the consumer rate relief charges under this Financing Order. Should APCo and WPCo merge in the future, consumer rate relief charges will be payable by all of the customers of the merged entity, with limited exceptions as described below.

B. Summary of Financing Order

In this Financing Order, the Commission finds that the Total Stipulation Securitization Amount as described herein, including Upfront Financing Costs, may appropriately be recovered through securitization under the Act. The Commission also finds that the Securitization approved in this Financing Order meets all applicable requirements of the Act.

Accordingly, under the terms of this Financing Order, the Commission:

- approves the Securitization requested by the Securitization Stipulating Parties and authorizes the issuance of consumer rate relief bonds in one or more series in an aggregate principal amount equal to the sum of: (a) the Fixed Stipulation Securitization Amount of \$376,024,583, and (b) the Upfront Financing Costs incurred in connection with the issuance of the consumer rate relief bonds equal to sum of (i) the fees charged and costs incurred by the Commission Financial Advisor and (ii) the lesser of \$5,750,000 or the actual aggregate amount of the other Upfront Financing Costs (i.e., other than the fees and costs of the Commission Financial Advisor) actually incurred by the Applicants;
- (2) approves the structure of the Securitization as provided for in this Financing Order;
- (3) approves and authorizes the imposition, charging and collection of consumer rate relief charges in an amount, calculated and adjusted from time to time as provided in this Financing Order, to be sufficient to pay the debt service on the consumer rate relief bonds, together with related Ongoing Financing Costs (as described below) on a timely basis;

- (4) approves and authorizes the form of CRRC Schedule to be filed under APCo's tariff, as provided in this Financing Order, to implement the consumer rate relief charges; and
- (5) finds that the Applicants have provided the economic assurances described in W.Va. Code §24-2-4f(e)(12) as a condition to the effectiveness of the Financing Order.

Pursuant to the issuance advice letter procedure described in Findings of Fact Nos. 41 through 44 below (Issuance Advice Letter Procedure), the Applicants shall update their estimates of the Upfront Financing Costs, the Ongoing Financing Costs for the first twelve-month period following the Securitization and other relevant current information in accordance with the terms of this Financing Order. APCo is authorized to cause an issuance of consumer rate relief bonds to securitize the updated financing costs reflected in the final issuance advice letter in accordance with the terms of this Financing Order.

C. Estimates of Electric Utility Customer Savings

In order to approve the Securitization of the consumer rate relief costs authorized by this Financing Order, this Commission must find that the issuance of consumer rate relief bonds and the imposition of consumer rate relief charges under the Act are just and reasonable, and satisfy the Lowest Cost Objective.²

The Applicants have presented evidence that their electric utility customers will realize net present value savings from the Securitization. The Applicants have also presented evidence that the consumer rate relief bonds, if structured with a substantially level annual debt service will result in lower rates for customers. This evidence demonstrates that the issuance of the consumer rate relief bonds is just and reasonable and satisfies the Lowest Cost Objective, and thus is consistent with the Act.³ The Commission finds in this Financing Order that the Securitization will result in meaningful savings and rate mitigation relief to electric utility customers.

The Applicants will be required to calculate, in the final issuance advice letter that must be presented to the Commission prior to the issuance of the consumer rate relief bonds, the amount of present value savings (calculated at an assumed discount rate of 10% pursuant to the Securitization Joint Stipulation) which are expected to be realized through the Securitization as compared to traditional financing mechanisms or traditional cost recovery methods over a similar period. The dollar amount of those savings shall be for informational purposes only.

D. Criteria and Procedures for Final Approval of Financing Structure

The Applicants provided a general description of the proposed transaction structure in their Application and in the testimony submitted in support of the Application. The proposed transaction structure does not contain every relevant detail and, in certain instances, uses only approximations of certain costs and requirements. The final transaction structure will depend, in

² W.Va. Code §24-2-4f(e)(4).

³ W.Va. Code §24-2-4f(d)(8).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 7 of 71

part, upon the requirements of the nationally-recognized statistical rating organizations that will rate the consumer rate relief bonds (the "Rating Agencies") and, in part, upon the market conditions that exist at the time the consumer rate relief bonds are offered.

While the Commission recognizes the need for some degree of flexibility with regard to the final details of the Securitization transaction approved in this Financing Order, its primary focus is upon the statutory requirement—the most important of which is the Lowest Cost Objective described above—that must be met prior to issuing a financing order. This Commission is also mindful that this Financing Order will be irrevocable, and that the true-up adjustment mechanism required by the Act and the consumer rate relief charges authorized and approved in this Financing Order generally will result in the economic burden of all costs associated with the consumer rate relief bonds being borne by electric utility customers. Accordingly, the Commission must be particularly diligent to ensure from the outset that effective criteria and clear procedures are in place to safeguard the interests of electric utility customers in all matters relating to the structuring, marketing and pricing of the consumer rate relief bonds, and to maximize the benefits potentially available to electric utility customers from the Securitization, including the benefits expected to occur versus traditional utility financings.

In view of these obligations and the requirements of the Act relating thereto, the Commission has established in this Financing Order certain criteria that must be met and certain procedures that must be satisfied in order for the approvals and authorizations granted in this Financing Order to become effective. Among other objectives, these criteria and procedures are designed to further the statutory objectives of the Act as well as to allow the Commission, acting directly or through its designated representative or the Commission Financial Advisor, to participate in the structuring, marketing and pricing of the consumer rate relief bonds. This Financing Order grants authority to issue consumer rate relief bonds and to impose, charge and collect consumer rate relief charges only if the final structure of the Securitization and the procedures followed comply in all respects with the criteria and procedures established in this Financing Order. Finally, in accordance with the Act, the authority and approval granted in this Financing Order are effective only upon filing by APCo with the Commission of a final issuance advice letter demonstrating compliance with the provisions of this Financing Order.

II. DISCUSSION AND STATUTORY OVERVIEW

The West Virginia Legislature adopted the Act in 2012 to facilitate the recovery by electric utilities of certain ENEC balances through the issuance of consumer rate relief bonds. The Legislature provided this option for recovering consumer rate relief costs based on the conclusion that securitized financing will result in lower costs for West Virginia electric utility customers. As a precondition to the use of securitization, the Legislature required that the utility demonstrate that the issuance of the consumer rate relief bonds satisfies the Lowest Cost Objective. Consequently, a basic purpose of securitization financing—the recovery of an electric utility's outstanding ENEC balance—is conditioned upon the other basic purpose—

⁴ W.Va. Code §24-2-4f(e)(4).

⁵ W.Va. Code §24-2-4f(d)(8).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 8 of 71

providing economic benefits to electric utility customers of electricity in the State of West Virginia.

To allow for securitization of an electric utility's ENEC, the Commission may authorize the creation of consumer rate relief property and issuance of securities known as consumer rate relief bonds. The net proceeds from the sale of the consumer rate relief bonds must be used directly or indirectly to recover, finance or refinance the Applicants' ENEC balance and the Upfront Financing Costs. Consumer rate relief bonds are generally defined as evidences of indebtedness or ownership that are issued under a financing order and are secured by consumer rate relief property and payable from revenues from consumer rate relief charges arising from consumer rate relief property. If consumer rate relief bonds are approved and issued, retail electric consumers must pay the principal of, interest on and related Ongoing Financing Costs of the consumer rate relief bonds through consumer rate relief charges. Consumer rate relief charges are the nonbypassable amounts, authorized by the Commission in this Financing Order, to be collected from a utility's customers in order to pay the debt service payments of consumer rate relief bonds and associated financing costs. Consumer rate relief charges will be collected by APCo as servicer, its successor or an assignee, or other collection agents as provided for in this Financing Order.

The Commission may adopt a financing order only if it finds the issuance of consumer rate relief bonds and the imposition of consumer rate relief charges under the Act are just and reasonable and satisfy the Lowest Cost Objective. In this proceeding, the Applicants have presented evidence that the issuance of consumer rate relief bonds, based upon then current market conditions and the structuring assumptions contained in the Applicants' testimony, will achieve measurable and meaningful cost savings to West Virginia electric utility customers, calculated on both a present value and a nominal basis, when compared to traditional financing mechanisms.

Because the actual structure and pricing of the bonds will not be known at the time this Financing Order is issued, APCo will be required, under the Act and under this Financing Order, to file with the Commission and submit to the Commission Financial Advisor following the pricing of the bonds, a final issuance advice letter which indicates the final structure and terms of the bonds, provides APCo's best estimate of financing costs, calculates the initial consumer rate relief charges in accordance with the true-up methodology described below and provides such other information required by this Financing Order. APCo may proceed with the issuance of the consumer rate relief bonds unless, prior to noon on the fourth business day after the Commission receives the final issuance advice letter, the Commission issues a disapproval letter directing that the bonds as proposed shall not be issued and containing the basis for such disapproval. The Commission is authorized under the Act to provide additional provisions relating to the Issuance

⁶ W.Va. Code §24-2-4f(b)(4).

⁷ W.Va. Code §§24-2-4f(b)(7).

⁸ W.Va. Code §§24-2-4f(1)(1)-(2).

⁹ W.Va. Code §24-2-4f(e)(9).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 9 of 71

Advice Letter Procedure as the Commission deems appropriate and has done so in this Financing Order. ¹⁰

In this Financing Order, in addition to the information required by the Act, we require APCo to calculate in the final issuance advice letter, for informational purposes only, the present value savings (calculated at an assumed discount rate of 10% pursuant to the Securitization Joint Stipulation) expected to be realized through the Securitization. In addition, APCo must certify to the Commission in the final issuance advice letter that, based upon the actual market conditions at the time of pricing, the proposed structure and pricing of the consumer rate relief bonds satisfies the Lowest Cost Objective. The form of the issuance advice letter, including the certification that must be submitted by APCo, is set out in Appendix B to this Financing Order.

Under the Act, the rights to impose, charge and collect consumer rate relief charges are present existing property rights which will be created simultaneously when such rights are first transferred to an assignee and pledged in connection with the issuance of consumer rate relief bonds. ¹¹ Upon the transfer and pledge of those rights, they become consumer rate relief property and, as such, are afforded certain statutory protections. ¹²

The Act provides that the consumer rate relief charges authorized by this Financing Order shall be nonbypassable and apply to all existing and future West Virginia retail customers of a qualifying utility or its successors and must be paid by any customer that receives electric delivery service from the utility or its successors. ¹³ The Act also requires that an adjustment mechanism requiring that consumer rate relief charges be reviewed and adjusted, without any caps, at least annually, and more often as provided in a financing order, to correct any overcollections or undercollections of consumer rate relief charges and to otherwise ensure the timely and complete payment of consumer rate relief bonds and the Ongoing Financing Costs through the collection of consumer rate relief charges. ¹⁴ In this Financing Order, consumer rate relief charges are required to be reviewed and adjusted, without any caps, annually. In addition consumer rate relief charges are to be reviewed and adjusted semi-annually, if necessary, and following the last scheduled maturity date of the consumer rate relief bonds, quarterly to ensure that the amount of the consumer rate relief charges collected is sufficient to satisfy in a timely manner the periodic payment requirement for the consumer rate relief bonds and the Ongoing Financing Costs. In addition this Financing Order authorizes more frequent true-up adjustments at any time, as well as the implementation of nonstandard true-up adjustments under the circumstances set forth in this Financing Order. In all cases, those adjustments will be implemented without any caps. These provisions will help to ensure that the consumer rate relief bonds, together with the Ongoing Financing Costs, will be paid in full on a timely basis, and will obtain the desired "AAA" or equivalent ratings.

¹⁰ W.Va. Code §24-2-4f(e)(9).

¹¹ W.Va. Code §24-2-4f(e)(7)

¹² W.Va. Code §24-2-4f(s).

¹³ W.Va. Code §24-2-4f(1)(1).

¹⁴ W.Va. Code §24-2-4f(k)(1).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 10 of 71

The State of West Virginia has pledged that it will not take or permit any action that would impair the value of consumer rate relief property under this Financing Order, or revise the consumer rate relief costs for which recovery is authorized or, except pursuant to the true-up adjustment mechanism, reduce, alter or impair the consumer rate relief charges to be imposed, charged, collected or remitted for the benefit of the bondholders, assignees and financing parties (as defined in W.Va. Code §24-2-4f(b)(14)), until any principal of, and interest on and redemption premium, if any, in respect of consumer rate relief bonds, all financing costs and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid or performed in full. ¹⁵

Once the consumer rate relief property is transferred to an assignee and pledged in connection with the issuance of the consumer rate relief bonds (as will happen in the Securitization), the property will constitute a present existing property right and will continue to exist regardless of whether the consumer rate relief charges have been billed, have accrued or have been collected, and notwithstanding any requirement that the value or amount of the consumer rate relief property is dependent on the future provision of service to electric utility customers by the utility or its successors or assigns. 16 Consumer rate relief charges shall continue to be collected (through a charge that is separate and apart from other rates) until all consumer rate relief bonds issued under this Financing Order and the Ongoing Financing Costs have been paid in full.¹⁷ In addition, the interests of an assignee or pledgee in consumer rate relief property (as well as the revenues and collections arising from the property) are not subject to setoff, counterclaim, surcharge or defense by the electric utility or any other person or in connection with the bankruptcy, reorganization or other insolvency proceedings of the electric utility or any other entity.¹⁸ Further, transactions involving the transfer and ownership of consumer rate relief property and the receipt of consumer rate relief charges are exempt from state income, sales, franchise, gross receipts, business and occupation and other taxes or similar charges. 19 The creation, granting, perfection and enforcement of liens and security interests in consumer rate relief property are governed by the laws of the State of West Virginia, except as provided in the Act.²

To facilitate compliance and consistency with applicable statutory provisions, this Financing Order adopts the definitions set forth in the Act.

III. DESCRIPTION OF PROPOSED TRANSACTION

A description of the Securitization proposed by the Applicants is contained in the Application. A brief summary of the Securitization agreed to by the Securitization Stipulating

¹⁵ W.Va. Code §24-2-4f(s)(1).

¹⁶ W.Va. Code §24-2-4f(f)(4).

¹⁷ W.Va. Code §24-2-4f(1)(2).

¹⁸ W.Va. Code §24-2-4f(m)(3).

¹⁹ W.Va. Code §24-2-4f(q)(1).

²⁰ W.Va. Code §24-2-4f(t)(1).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 11 of 71

Parties is provided in this section. A more detailed description is included in Section V.I, entitled "Structure of the Proposed Securitization."

To facilitate the proposed Securitization, APCo will form a wholly-owned special purpose entity, expected to be a Delaware limited liability company (referred to herein as BondCo), to which APCo will transfer the rights to impose, charge and collect consumer rate relief charges along with other rights arising pursuant to this Financing Order. Upon such transfer, these rights will become consumer rate relief property as provided by the Act.²¹

BondCo will issue consumer rate relief bonds. The proceeds from the sale of the consumer rate relief bonds, net of Upfront Financing Costs, will be paid by BondCo to APCo in consideration for the transfer of the consumer rate relief property. APCo will apply the net proceeds as provided in this Financing Order.

BondCo will be organized and managed in a manner designed to achieve the objective of maintaining BondCo as a bankruptcy-remote entity that would not be affected by the bankruptcy of either Applicant or any affiliate, or any of their respective successors and assigns. It is expected that BondCo will be managed by five managers. At all times at least two of BondCo's managers will be independent managers, and each independent manager will remain as an independent manager unless and until a replacement independent manager has been installed.

At the time of the Securitization, APCo will capitalize BondCo, from APCo's own capital, in an amount anticipated to be 0.50% of the original principal balance of the consumer rate relief bonds. The capital contribution will be held in a capital subaccount of the collection account established under the indenture pursuant to which the consumer rate relief bonds are issued. APCo will earn a rate of return on this initial capital contributed to BondCo equal to the average cost of APCo's long-term debt as approved in Case No. 10-0699-E-42T of 5.85% per annum, as agreed upon in the Securitization Joint Stipulation. This rate of return will be paid from consumer rate relief charges as an Ongoing Financing Cost.

The consumer rate relief bonds will be issued pursuant to an indenture administered by an indenture trustee. Pursuant to the indenture, BondCo will establish a segregated trust account (Collection Account) into which all consumer rate relief charge remittances shall be deposited. The Collection Account will also include one or more subaccounts, including the capital subaccount described above. The consumer rate relief bonds will be secured by and payable solely out of the consumer rate relief property created pursuant to this Financing Order and other collateral described in the Application. That collateral will be pledged to the indenture trustee for the benefit of the holders of the consumer rate relief bonds and to secure payment of the Ongoing Financing Costs.

APCo will act as the initial servicer of the consumer rate relief bonds. As servicer, APCo will be responsible for metering, calculating, billing, collecting and remitting to the indenture

²¹ W.Va. Code §24-2-4f(e)(7).

²² If more than one series of consumer rate relief bonds is issued, each series will be issued pursuant to a separate indenture and be subject to its own set of basic agreements. For purposes of this Financing Order, the description of the consumer rate relief bonds applies to each series of consumer rate relief bonds.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 12 of 71

trustee the collected consumer rate relief charges arising from the consumer rate relief property. APCo will also be responsible for making all required or allowed true-up adjustments of the consumer rate relief charges and for preparing and filing any other reports with the Commission, the indenture trustee, the Rating Agencies or other financing parties. APCo may not voluntarily resign from its duties as servicer if the resignation will harm the then-current credit ratings on the consumer rate relief bonds. If APCo defaults on its obligations as servicer, then an independent successor servicer acceptable to the indenture trustee and the Rating Agencies would be named to replace APCo.

As compensation for its duties as servicer, APCo will receive a servicing fee equal to 0.05% per annum of the original principal balance of the consumer rate relief bonds, plus out-of-pocket expenses, such as those of accountants and counsel. This fee is based on current market rates on similar transactions. In the event a substitute, third-party servicer is required to be appointed, the annual servicing fee may be increased, but shall not exceed 1.25% of the original principal balance of the consumer rate relief bonds unless otherwise approved by the Commission. APCo will indemnify electric utility customers for any loss occasioned by its default under the Servicing Agreement.

APCo will also provide certain administrative services for BondCo, and for such services APCo will receive an annual fee of \$100,000, plus out-of-pocket expenses such as those of accountants and counsel.

The consumer rate relief charges will be calculated to ensure the collection from APCo's customers of an amount sufficient to pay on a timely basis the debt service due on the consumer rate relief bonds together with the Ongoing Financing Costs. The consumer rate relief charges by rate class will be calculated pursuant to the allocations reflected in Appendix D to this Financing Order. In addition to the annual true-up required by the Act, true-ups shall be performed semi-annually (or quarterly after the last scheduled maturity date of the consumer rate relief bonds) if necessary and appropriate to ensure that the amount collected from consumer rate relief charges is sufficient to pay debt service on and Ongoing Financing Costs related to the consumer rate relief bonds on a timely basis, and may be performed at other times as provided in this Financing Order. A nonstandard true-up will be allowed for other circumstances as provided in this Financing Order. The methodology for making true-ups and allocation adjustments and the circumstances under which each will be made are described in this Financing Order, which is consistent with Applicants' testimony as revised to reflect the Securitization Joint Stipulation. In all cases those adjustments will be implemented without any caps. If consumer rate relief bonds are issued in more than one series, then each series will be subject to a separate true-up pursuant to the Act and this Financing Order; provided, however, that more than one series may be adjusted in a single proceeding. These true-up provisions will help to ensure that the consumer rate relief bonds, together with Ongoing Financing Costs, will be paid in full on a timely basis. and will obtain the desired "AAA" or equivalent ratings. The consumer rate relief charges will remain in effect until BondCo has received collections sufficient to pay in full the consumer rate relief bonds and all Ongoing Financing Costs.

The Applicants have proposed a structure for the consumer rate relief bonds that is designed to produce substantially level annual debt service and revenue requirements over the life of the consumer rate relief bonds. The Commission determines that the final bond structure

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 13 of 71

should attempt to achieve a substantially level annual debt service and revenue requirements over the life of the consumer rate relief bonds. Although the Applicants initially proposed in the Application that the consumer rate relief bonds would have a scheduled term of approximately ten years and a final legal maturity date of no later than thirteen years after issuance, the Securitization Stipulating Parties agreed that the consumer rate relief bonds would have a scheduled term of not more than fifteen years and a final maturity date no later than eighteen years, with the actual dates to be determined by the Applicants in conjunction with the Commission Financial Advisor. The Commission adopts the approach of the Securitization Joint Stipulation and finds that that the Applicants and their underwriters, in conjunction with the Commission Financial Advisor, should evaluate and provide scheduled and final maturities for the tranches of Consumer Rate Relief Bonds of not more than fifteen and eighteen years, respectively.

APCo did not request, and no other party advocated for, the use of variable rate bond instruments, foreign currency denominations or the use of swaps or other hedging devices as part of the consumer rate relief bond structure, and the Commission agrees that the risks of using such instruments would outweigh their benefits under current market conditions. Accordingly, we will prohibit APCo from issuing floating rate bonds, foreign currency denominations or utilizing swaps or other hedging instruments as part of the structure of the consumer rate relief bonds.

IV. UPFRONT AND ONGOING FINANCING COSTS ELIGIBLE FOR RECOVERY.

The Applicants propose that two general categories of financing costs be recovered from the proceeds of the consumer rate relief bonds or the collection of consumer rate relief charges: Upfront Financing Costs and Ongoing Financing Costs.

A. Upfront Financing Costs.

Upfront Financing Costs include financing costs that are incurred prior to or in connection with the issuance of a series of consumer rate relief bonds that can be financed with the proceeds of the consumer rate relief bonds, pursuant to the provisions of W.Va. Code §24-2-4f(b)(11). These Upfront Financing Costs include counsel fees, APCo advisor fees, fees for the Commission Financial Advisor, underwriting fees, Rating Agency fees, accountants' fees, Securities and Exchange Commission (SEC) registration fees, printing and marketing expenses and other fees and expenses as more particularly described in Appendix A to this Financing Order. The Applicants estimated in their Application that the Upfront Financing Costs, based upon a proposed issuance on or about February 5, 2013, would be approximately \$7.1 million. In this Financing Order, we will cap the amount of Upfront Financing Costs which may be securitized to an amount equal to sum of (i) the fees charged and costs incurred by the Commission Financial Advisor and (ii) the lesser of \$5,750,000 or the actual aggregate amount of the other Upfront Financing Costs (i.e., other than the fees and costs of the Commission Financial Advisor) actually incurred by the Applicants.

The Commission is mindful of the fact that many of the Upfront Financing Costs, such as legal fees, will not be known until at or near the time of issuance. Further, other Upfront Financing Costs will vary depending on the size of the final issuance of the consumer rate relief

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 14 of 71

bonds. Specifically, the Commission realizes that the registration fee with the SEC, Rating Agency fees and underwriting fees are proportional to the amount of consumer rate relief bonds actually issued. In addition, the SEC formula for calculating registration fees changes from time to time. Other Upfront Financing Costs, such as original issue discount, will be determined at the time of sale. Accordingly, actual Upfront Financing Costs will not be known until or after the pricing of the consumer rate relief bonds.

Through the Issuance Advice Letter Procedure approved in this Financing Order, the Applicants will be required to update and submit prior to pricing a draft issuance advice letter and then again, not later than the close of business on the first business day after the pricing of the consumer rate relief bonds, a final issuance advice letter, which, in each case, will include an updated estimate of the Upfront Financing Costs incurred in connection with the bond issuance, subject to the cap described above. The Commission finds that the estimated Upfront Financing Costs as proposed herein by the Applicants are reasonable and, subject to review and approval pursuant to the Issuance Advice Letter Procedure as described in this Financing Order, and subject to the cap described above, are authorized and eligible for recovery under the act in the amount to be securitized.

B. Ongoing Financing Costs.

Ongoing Financing Costs are costs of servicing the consumer rate relief bonds over their life, and include administration fees, servicer fees, the level of funding of any over-collateralization subaccount (if such an account is determined to be required), replenishment of the capital subaccount (if required), trustee, legal, accounting and Rating Agency fees, and miscellaneous fees and expenses relating to servicing the consumer rate relief bonds.

In their Application, the Applicants have proposed both to fix the servicing fees (so long as APCo or an affiliate is acting as servicer) and the administration fee. The Commission finds that these fees are consistent with the market and are appropriate. Further, as set forth in the Ordering Paragraph on this issue, the annual servicing fee payable to any other servicer not affiliated with either Applicant may not at any time exceed 1.25% of the original principal balance of the consumer rate relief bonds unless such higher rate is approved by the Commission pursuant to the Ordering Paragraph on this issue.

Although the debt service schedule for the consumer rate relief bonds will be established at the time of pricing and will be subject to review before the issuance of the bonds pursuant to the Issuance Advice Letter Procedure, the actual debt service paid over the life of the consumer rate relief bonds may vary. For example, Ongoing Financing Costs will vary during the term of the consumer rate relief bonds, and are not determinable on or before the issuance of the consumer rate relief bonds. Additionally, if an undercollection of consumer rate relief charges were to cause a delay in the scheduled amortization of the bonds, the amount not paid in a timely manner would continue to bear interest until paid. Accordingly, the Applicants have requested that APCo or its assignee or pledgees be entitled to recover the actual Ongoing Financing Costs as incurred.

The Commission finds that recovery of actual Ongoing Financing Costs as described above, including the requirement that all Ongoing Financing Costs be recoverable in full, is

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 15 of 71

reasonable and consistent with obtaining the desired "AAA" or equivalent rating on the bonds, and should be approved. The projected Ongoing Financing Costs for the first twelve months following issuance of the bonds will be subject to review pursuant to the Issuance Advice Letter Procedure.

V. FINDINGS OF FACT

A. Identification of Applicants and Procedural History

- 1. APCo is a corporation organized under the laws of the Commonwealth of Virginia and provides electric service to electric utility customers in West Virginia and Virginia. WPCo is a corporation organized under the laws of West Virginia and provides electric service to electric utility customers in West Virginia.
- 2. Each Applicant is a "qualifying utility" within the meaning of the Act and is engaged "in the delivery of electric energy to electric utility customers in this state." APCo will, however, be the sole initial owner and seller of the consumer rate relief property to be created under this Financing Order and APCo will carry the full responsibility of servicing the consumer rate relief property.
- 3. In 2006 the Commission issued an order in the 2005 Base Case approving a Joint Stipulation and Agreement for Settlement to reinstate the ENEC proceedings, to be filed by March 1st of each year thereafter. The Applicants' 2012 ENEC proceeding was designated Case No. 12-0399-E-P and was adjudicated before the Commission, culminating in the 2012 Joint Stipulation filed by the 2012 Stipulating Parties and a July 26, 2012 Commission Interim Order adopting the 2012 Joint Stipulation as a reasonable resolution of the ENEC proceeding. Exhibit A to the 2012 Joint Stipulation specified the level of the Applicants' under-recovered ENEC balance (and the derivation thereof) as of December 31, 2011, in the amount of \$311.9 million. The July 26, 2012 Commission Interim Order was adopted as the Final Order of the Commission, with the addition of certain under-recoveries related to Century, on December 21, 2012, as discussed further below.
- 4. The unrecovered ENEC balance of \$311.9 million excluded other deferred ENEC related items ("ENEC Related Deferrals") which are traditionally handled in the ENEC Proceedings. These ENEC components include (1) bonus coal payments; (2) carrying charges accrued during 2011 and 2012; (3) Century Bank; (4) Century ENEC under-recovered balance; (5) Dresden deferral; (6) deferral related to 7.5% cap during 2012; and (7) phase-in of the new transmission agreement, each as further described below. As described in the Securitization Joint Stipulation, the Fixed Stipulation Securitization Amount does not include certain ENEC Related Deferrals. The ENEC Related Deferrals that are not included in the Fixed Stipulation Securitization Amount are bonus coal payments, the phase-in of the new transmission agreement, and such carrying charges as were accrued in 2012 and 2013. The Fixed Stipulation Securitization Amount does include carrying charges accrued in 2011.

²³ See W.Va. Code §24-2-4f(b)(20).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 16 of 71

- 5. Bonus coal payments, which together with carrying charges totaled \$26,022,676 as of December 31, 2011, have been addressed in the previous three ENEC Proceedings and are being amortized for recovery over the remaining life of the coal contracts. The bonus coal payments are part of the total ENEC under-recovery balances, and the Applicants requested in the Application that the balance be recovered through Securitization under this Financing Order. Pursuant to the Securitization Joint Stipulation, bonus coal payments are not included in the Fixed Stipulation Securitization Amount.
- 6. The Applicants have been allowed a carrying charge on the under-recovered ENEC balance since November 2009 and began recovery of a portion of that amount in July 2011. The carrying charge balance as of December 31, 2011, was \$25,465,878 and will continue to accrue until such time as consumer rate relief bonds authorized by this Financing Order are issued. The estimated carrying charges through February 5, 2013 (the assumed issuance date of the consumer rate relief bonds), are \$11.5 million, bringing the total projected carrying charge amount to \$36,965,878. As described in the Securitization Joint Stipulation, only the \$25,465,878 of the carrying charge balance as of December 31, 2011, is included in the Fixed Stipulation Securitization Amount. Pursuant to the Securitization Joint Stipulation, carrying charge balances incurred after December 31, 2011, are not included in the Fixed Stipulation Securitization Amount.
- In the ENEC Proceedings, the Commission approved a special rate mechanism for Century and authorized the Applicants to record a regulatory asset in the amount of any underrecovery caused by such special rates. APCo currently classifies two such regulatory assets, one called Century Bank (as described below) and the other referring to Century's under-recovered ENEC Balance. In the 2012 ENEC Proceeding, the Applicants requested that the Century Bank be included in the under-recovered ENEC balance so that it could be included in the request for securitization. The under-recovered ENEC balance related to Century as of December 31, 2011, stood at \$8,775,015, and the Century Bank had an under-recovered balance of \$13,920,356. The Special Contract provided for Century to pay the lower of a cost-based rate or the current rate plus a variable rate component which fluctuated with the international price of aluminum. When aluminum prices were high, Century's total rate was higher; when prices were low, Century's total rate was lower. The impacts of these rate fluctuations were recorded as a running cumulative balance of surpluses and deficits called the Century Bank. The deferred Century Bank balance has continued to be carried on APCo's books following the shutdown of Century's production facility in February 2009. In the 2012 Joint Stipulation, the 2012 Stipulating Parties proposed that the resolution of the treatment of those Century-related sums be adjudicated in Century's special rate proceeding, Case No. 12-0613-E-PC, and the Applicants included these sums in the Application on the assumption that securitization of that sum would be consistent with the Commission's resolution of that case. On October 4, 2012, the Commission issued an Order in Case No. 12-0613-E-PC, in which the Commission, inter alia, approved a special rate mechanism for Century which it could accept by no later than December 31, 2012, and terminated the special rate mechanism for Century established in Case No. 05-1278-E-PC-PW-42T. The Commission also elected to include the under-recovery related to Century that APCo recorded as a regulatory asset into the under-recovery balance in the 2012 ENEC proceeding. On December 14, 2012, the Commission issued an Order in which the Commission responded to petitions for reconsideration and clarification in Case No. 12-0613-E-PC. In its December 14, 2012 Order, the Commission clarified its October 4, 2012 Order on one issue, but otherwise

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 17 of 71

concluded that the terms of the Commission's October 4, 2012 Order will remain in effect. Century did not file a special rate contract with APCo prior to the December 31, 2012 deadline for such a filing. On December 21, 2012, the Commission issued its final order in the 2012 ENEC case in which it ordered that the under-recoveries related to Century totaling \$22,695,371 will be added to the ENEC under-recovery balance set forth in the 2012 Joint Stipulation.

- 8. In another provision of the 2012 Joint Stipulation, the 2012 Stipulating Parties agreed to allow the deferred balance related to the Dresden Plant, from the date it began commercial operation through July 31, 2012, to be approved for recovery through securitization. The estimated balance of the Dresden Plant deferral is projected to be \$10,837,893 and the Securitization Stipulating Parties request that this balance be approved for recovery through a Securitization under this Financing Order.
- 9. In the Applicants' 2011 ENEC Proceeding, the Commission's Order placed a cap on the amount of rate increases for customers served under the Applicants' LCP and IP Schedules and Special Contracts and directed the Applicants to provide a credit that would be deferred for recovery in future ENEC filings. The 2012 Joint Stipulation, as adopted by the Commission, provides that this cap be terminated as of August 1, 2012, and that the amounts deferred because of the cap between July 1, 2011, and December 31, 2011, be included in the ENEC balance for future recovery. The actual balance associated with the cap for 2012 is \$5,153,050. The Securitization Stipulating Parties agree that this amount will be included in the Fixed Stipulation Securitization Amount.
- 10. In 2010 the Applicants filed a new transmission agreement which provided for a phase-in of the differences between the new agreement and the old agreement. The revenues and costs associated with both the old and new transmission agreements are included in the ENEC balance. The phase-in difference has been deferred for recovery in future ENEC filings. The Applicants requested in the Application that the deferred balance of \$1,925,000 as of December 31, 2011, be approved for recovery through a Securitization under this Financing Order. Pursuant to the Securitization Joint Stipulation, the phase-in difference for the transmission agreements is not included in the Fixed Stipulation Securitization Amount.
- 11. Taking into account the amounts included in or excluded from the Application ENEC Securitization Amount pursuant to the Securitization Joint Stipulation, as described in Findings of Fact Nos. 4 through 10, the Total Stipulation Securitization Amount is agreed to be the Fixed Stipulation Securitization Amount of \$376,024,583, plus Upfront Financing Costs equal to sum of (1) the fees charged and costs incurred by the Commission Financial Advisor and (2) the lesser of \$5,750,000 or the actual aggregate amount of the other Upfront Financing Costs (i.e., other than the fees and costs of the Commission Financial Advisor) actually incurred by the Applicants.

B. Application History

12. On August 22, 2012, the Applicants filed an application to securitize uncollected expanded net energy costs (and associated securitization financing costs) pursuant to <u>W.Va. Code</u> §24-2-4f and to obtain approval of affiliate agreements pursuant to <u>W.Va. Code</u> §24-2-12, (drafts of which agreements were to be submitted within thirty days after the filing of August 22,

- 2012). Included with the Application were the direct testimony and exhibits of five witnesses, Steven H. Ferguson, Charles N. Atkins, Renee V. Hawkins, Jeffery L. Brubaker, and Charles W. Gary.
 - 13. On August 30, 2012, Century and CAD filed motions to intervene in this case.
- 14. On September 4, 2012, the Commission issued an Order which, among other things, established dates for the filing of testimony, required the Applicants to publish a prescribed Notice of Hearing, and scheduled an evidentiary hearing in this matter to commence at 9:30 a.m. on November 1, 2012. In its September 4, 2012 Order, the Commission also granted the Century and CAD petitions to intervene and further granted intervenor status to WVEUG and SWVA.
- 15. On September 6, 2012, CAD filed a petition requesting that the procedural schedule in this case be extended.
- 16. On September 17, 2012, the Applicants filed drafts of the following four affiliate agreements:
 - 1. AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT by which APCo will create Appalachian Consumer Rate Relief Funding LLC;
 - 2. CRR PROPERTY PURCHASE AND SALE AGREEMENT to be entered between APCo and Appalachian Consumer Rate Relief Funding LLC;
 - 3. CRR PROPERTY SERVICING AGREEMENT to be entered between APCo and Appalachian Consumer Rate Relief Funding LLC; and
 - 4. ADMINISTRATION AGREEMENT to be entered between APCo and Appalachian Consumer Rate Relief Funding LLC (collectively, the "Affiliate Agreements");

and also submitted a draft of the bond Indenture, which does not require approval, but which contains definitions of various terms used in the Affiliate Agreements.

- 17. On September 19, 2012, the Commission issued an Order which, among other things, rescinded the procedural schedule set out in its September 6, 2012 Order and scheduled an evidentiary hearing in this matter to commence at 9:30 a.m. on December 18, 2012. The Commission furthered scheduled a settlement conference for February 13, 2013, in order for the parties to engage in settlement negotiations.
 - 18. On September 24, 2012, Staff filed its Initial Joint Staff Memorandum.
- 19. On October 26, 2012, CAD filed a motion asking the Commission to retain a financial advisor.

- 20. On November 20, 2012, the Commission issued an Order, which, among other things, cancelled the procedural schedule established in the September 19, 2012 Order and required the parties to develop a new procedural schedule.
- 21. On December 7, 2012, the Commission issued an Order adopting a new procedural schedule and scheduled an evidentiary hearing in this matter to commence at 9:30 a.m. February 26, 2013.
- 22. The Applicants provided public notice in substantial compliance with the Commission's mandate.
- 23. In the course of the discovery phase of this proceeding, requests for information were filed by various parties and responded to by the parties to whom they were addressed.
- 24. On January 28, 2013, Staff filed the direct testimony of Edwin L. Oxley and Brian Dworsky, CAD filed the direct testimony of Byron L. Harris, and WVEUG filed the direct testimony of Stephen J. Baron.
- 25. On February 8, 2013, the Commission issued an Order indicating, among other things, that the Commission had retained a financial advisor ("Commission Financial Advisor"). According to the February 8, 2013 Order, the Commission Financial Advisor is to "assess and evaluate the record and assist the Commission in its deliberations." The Commission Financial Advisor will also "assist in the timing and placement of the consumer rate relief bonds." Escause the Commission obtained a Commission Financial Advisor, it dismissed as most the CAD's motion that the Commission obtain a financial advisor.
- 26. On February 11, 2013, the Commission issued an Order extending the deadline for filing rebuttal testimony until February 14, 2013, in order to afford the parties additional time to conduct settlement negotiations.
 - 27. On February 11, 2013, CAD filed the rebuttal testimony of Byron L. Harris.
 - 28. On February 13, 2013, the parties were engaged in a settlement conference.
- 29. On February 14, 2013, the Applicants filed the rebuttal testimony of Steven H. Ferguson, Charles N. Atkins, Renee V. Hawkins, and Charles W. Gary. WVEUG filed the rebuttal testimony of Stephen J. Baron.
- 30. On February 15, 2013, the Commission issued an Order requiring the parties to file a report on the status of their settlement negotiations on or before February 20, 2013.
- 31. On February 20, 2013, the Applicants filed a joint status report on behalf of all of the parties to this proceeding to comply with the Commission's February 15, 2013 Order. The Applicants reported that all of the parties had engaged in settlement discussions and had reached

²⁴ February 8, 2013 Order at 1.

²⁵ *Id.* at 1-2.

an agreement in principle as to all of the issues in this case. The Applicants represented on behalf of all of the parties that they expected to be able to file final versions of a Securitization Joint Stipulation and a revised proposed financing order by the close of business on February 26, 2013.

- 32. On February 22, 2013, the Commission issued an Order, among other things, describing the form that the February 26, 2013 hearing would take and directing all of the parties to file their Securitization Joint Stipulation and revised proposed financing order by 4:00 p.m. on February 26, 2013.
- 33. On February 26, 2013, the first day of the hearings was held. At the hearing the parties reported that settlement talks were progressing but would require additional negotiations. The parties tendered, and the Commission accepted into the record, the pre-filed written testimony of the witnesses for the parties.
- 33a. On March 13, 2013, the parties submitted a Joint Stipulation and Agreement for Settlement and a Revised Proposed Financing Order in resolution of this proceeding.
- 33b. On June 21, 2013, the Commission issued an Order setting a hearing for July 30, 2013, for the purpose of accepting the Joint Stipulation and Agreement for Settlement and Revised Proposed Financing Order in the record. The Commission directed the parties to provide a witness list of those witnesses appearing to support the settlement documents.
- 33c. The Commission convened the July 30, 2013 hearing as scheduled. During the course of the hearing the Commission accepted the settlement documents into the record.
- 33d. On July 31, 2013, the parties filed a letter notifying the Commission that none of the parties wished to submit written briefs in this case.

C. Approval of Securitization Joint Stipulation

34. The Securitization Joint Stipulation has been reviewed by this Commission, and the Commission finds the Securitization Joint Stipulation just and reasonable and in the public interest and approves and adopts the Securitization Joint Stipulation as filed.

D. Costs to be Securitized

- 35. The costs to be securitized through the issuance of consumer rate relief bonds authorized in the Financing Order will equal the Fixed Stipulation Securitization Amount and the Upfront Financing Costs agreed to in the Securitization Joint Stipulation and as described in Finding of Fact No. 11.
- 36. The consumer rate relief bonds will not be included in the regulatory capital structure of either Applicant going forward. For Generally Accepted Accounting Principles (GAAP) purposes, however, because BondCo will be consolidated with APCo for financial reporting purposes, the consumer rate relief bonds will be recorded as long-term debt on the consolidated balance sheet of APCo. Applicants will make annual ENEC filings to address any ongoing ENEC deferral balances.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 21 of 71

The Upfront Financing Costs as described in the Application are "financing costs" 37. eligible to be securitized under the Act and to be included in the principal balance of the consumer rate relief bonds. "Financing costs" as defined in the Act include, among other things, all of the following items: (1) principal, interest and redemption premiums that are payable on consumer rate relief bonds; (2) any amounts required to be paid pursuant to ancillary agreements: (3) any amounts required to fund or replenish a reserve account or another account established under any indenture, ancillary agreement or other financing document relating to the consumer rate relief bonds; (4) certain other costs incurred to obtain modifications of or amendments to any indenture, financing agreement, security agreement or similar agreement or instrument relating to any existing secured or unsecured obligation of APCo in connection with the issuance of the consumer rate relief bonds; (5) any taxes, franchise fees or license fees imposed on consumer rate relief charges; (6) any costs related to issuing or servicing consumer rate relief bonds or related to obtaining a financing order, including servicing fees and expenses, trustee fees and expenses, legal, accounting or other professional fees and expenses, administrative fees, placement fees, underwriting fees, capitalized interest and equity and rating-agency fees; and (7) the cost of the Commission Financial Advisor with respect to the consumer rate relief bonds.

E. Amount Authorized to Be Securitized

- 38. APCo is authorized to cause consumer rate relief bonds to be issued in the Fixed Stipulation Securitization Amount of \$376,024,583 plus Upfront Financing Costs equal to sum of (i) the fees charged and costs incurred by the Commission Financial Advisor and (ii) the lesser of \$5,750,000 or the actual aggregate amount of the other Upfront Financing Costs (i.e., other than the fees and costs of the Commission Financial Advisor) actually incurred by the Applicants. Upfront Financing Costs are subject to update, adjustment and approval through the Issuance Advice Letter Procedure, although the amount that may be securitized is subject to the cap set forth above.
- 39. If the actual Upfront Financing Costs incurred in connection with the Securitization, exclusive of the Commission Financial Advisor fees and expenses, are less than the estimated Upfront Financing Costs included in the principal amount securitized, the unused funds will be deposited into the Collection Account to be available for payment of debt service on the consumer rate relief bonds and the periodic billing requirement for the first true-up adjustment of the consumer rate relief charge would be reduced by the amount of such unused funds (together with interest earned thereon through investment by the indenture trustee in eligible investments).

F. Rate of Return

40. The Securitization Stipulating Parties have requested that APCo be authorized to recover a rate of return on its capital contribution to BondCo calculated at a rate equal to 5.85% per annum as agreed upon in the Securitization Joint Stipulation. The Commission finds that APCo's proposed rate of return on its capital contribution is reasonable.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 22 of 71

G. Issuance Advice Letter Procedure; Provision of Information to Commission

- 41. Because the actual structure and pricing of the consumer rate relief bonds will not be known at the time this Financing Order is issued, following determination of the final terms of the consumer rate relief bonds and prior to issuance of the consumer rate relief bonds, APCo will file with the Commission, in accordance with the Act, no later than the end of the first business day after the pricing date of the consumer rate relief bonds, an issuance advice letter in the form of Appendix B, which will indicate the final structure of the consumer rate relief bonds and will provide an update of the Upfront Financing Costs and Ongoing Financing Costs, the initial consumer rate relief charges to be imposed and other information specific to the consumer rate relief bonds as provided in this Financing Order. The initial consumer rate relief charges and the final terms of the consumer rate relief bonds set forth in the issuance advice letter will become effective on the date of issuance of the consumer rate relief bonds, unless, prior to noon on the fourth business day after the Commission receives the issuance advice letter, the Commission issues a disapproval letter directing that the bonds as proposed not be issued and containing the basis for that disapproval.
- APCo will submit a draft issuance advice letter to the Commission and the 42. Commission Financial Advisor for review not more than two weeks prior to the expected date of commencement of marketing of such issuance of consumer rate relief bonds or a shorter period approved by the Commission (either directly or through the Commission Financial Advisor as Within one week after receipt of the draft issuance advice letter, the provided below). Commission, acting directly or through its designated representative or the Commission Financial Advisor, will provide to APCo any comments and recommendations regarding the adequacy of the information provided. The Commission, acting directly or through its designated representative or the Commission Financial Advisor, may agree to waive the proscribed time period for the submission and review of the draft issuance advice letter and any failure to provide written comments to the draft issuance advice letter within the proscribed time period will conclusively evidence a waiver of any objections. Prior to the submission of the first draft issuance advice letter and through the period ending with the issuance of the consumer rate relief bonds, APCo will provide the Commission and the Commission Financial Advisor with timely information so that the Commission can participate fully and in advance regarding all material aspects relating to the structuring, pricing and marketing of the consumer rate relief bonds.
- 43. The completion and filing of an issuance advice letter in the form attached to this Financing Order as Appendix B, including the certification from APCo discussed in Finding of Fact No. 44, is necessary to ensure that any securitization actually undertaken by the Applicants complies with the terms of this Financing Order.
- 44. The certification statement contained in the Issuance Advice Letter must be worded consistently with the statement in the form of the issuance advice letter attached hereto as Appendix B. Other aspects of the certification may be modified to describe the particulars of the consumer rate relief bonds and the actions that were taken during the Securitization.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 23 of 71

H. Financial Benefit

- 45. The Commission finds that the Issuance Advice Letter Procedure and the other requirements, criteria and procedures set forth in this Financing Order will ensure that the issuance of the consumer rate relief bonds and the imposition of consumer rate relief charges are just and reasonable and will ensure that the Lowest Cost Objective required by the Act is satisfied.
- 46. The Applicants, Staff, and CAD submitted evidence demonstrating that the Securitization will provide net present value savings for customers. The Commission finds that the issuance of the customer rate relief bonds issued pursuant to the terms hereof and in compliance with the Issuance Advice Letter Procedure will result in overall costs to the Applicants' respective customers in West Virginia that (i) are lower than would result from the use of traditional utility financing mechanisms, and (ii) are just and reasonable. See W.Va. Code §24-2-4f(e)(4).
- 47. The consumer rate relief bonds are hereby authorized for issuance, so long as the Lowest Cost Objective is satisfied, as conclusively evidenced by the filing of the final issuance advice letter and the failure of the Commission to issue a disapproval letter as described in Finding of Fact No. 41.

I. Structure of the Proposed Securitization

- 48. The Applicants propose that the issuance of the consumer rate relief bonds be implemented through a series of steps intended to support the characterization of the Securitization as a "true sale" for federal bankruptcy purposes, to ensure that the consumer rate relief bonds are treated as "debt" for federal tax purposes and that the sale of the consumer rate relief property is treated as a financing by APCo for federal tax purposes and does not create any current federal tax liability.
- 49. APCo proposes to form BondCo as a bankruptcy-remote, Delaware limited liability company. BondCo will be formed for the limited purpose of acquiring the consumer rate relief property from APCo, an acquisition funded by the proceeds generated by the issuance of consumer rate relief bonds by BondCo, issuing consumer rate relief bonds in one or more series and performing other activities relating thereto or otherwise authorized by this Financing Order. BondCo will not be permitted to engage in any other activities and will have no assets other than the consumer rate relief property and related assets to support its obligations under the consumer rate relief bonds and the Ongoing Financing Costs. These restrictions on the activities of BondCo and restrictions on the ability of APCo to take action on BondCo's behalf are imposed to achieve the objective that BondCo will be bankruptcy remote and not affected by a bankruptcy of APCo, or any affiliate or successor of APCo.
- 50. BondCo will be managed by a board of managers with rights and duties set forth in its organizational documents. As long as the consumer rate relief bonds remain outstanding, BondCo will have two independent managers with no organizational affiliation with APCo other than acting as independent manager for another bankruptcy-remote subsidiary of APCo or its affiliates.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 24 of 71

- 51. BondCo will not be permitted to amend the provisions of the organizational documents that relate to bankruptcy-remoteness of BondCo without the consent of the independent managers. Similarly, BondCo will not be permitted to institute bankruptcy or insolvency proceedings or to consent to the institution of bankruptcy or insolvency proceedings against it, or to dissolve, liquidate, consolidate, convert or merge without the consent of the independent managers. Other restrictions to facilitate bankruptcy-remoteness may also be included in the organizational documents of BondCo as required by the Rating Agencies.
- 52. The initial capital of BondCo is expected to be 0.5% of the original principal balance of the consumer rate relief bonds issued by BondCo. Adequate funding of BondCo at this level is intended to assure favorable tax treatment as described in Finding of Fact No. 48 above. APCo intends to finance the contribution of capital to BondCo with cash from its own funds. As agreed upon in the Securitization Joint Stipulation, APCo will be entitled to receive a return of 5.85% per annum on this initial capital contributed to BondCo, and BondCo will release this amount to APCo free and clear of the indenture on an ongoing basis. This return on invested capital to APCo will be an Ongoing Financing Cost and a component of the Periodic Payment Requirement (described below), and APCo's capital contributions to BondCo will not be considered part of APCo's capital structure for ratemaking purposes.
- 53. The Applicants have submitted testimony that the SEC is considering major modifications to its regulations pertaining to securitizations. According to the testimony, it is not expected that there will be any significant changes to the SEC's regulations in the short term that would directly affect the Securitization. It is not known, however, how any modifications to regulations that are imposed by the SEC in the future will affect the level of capital which must be invested in BondCo (i.e., whether the structures of existing deals will be "grandfathered"), or other costs of issuing, supporting and servicing the consumer rate relief bonds. In the unlikely event that APCo is required to contribute capital which is more than 0.5% of the original amount of any series of consumer rate relief bonds, APCo will be permitted to earn an annual return on such additional capital contribution at a rate of 5.85%. The required revenue, if any, to provide an annual return on any such additional capital to the extent reflected in the issuance advice letter will be an Ongoing Financing Cost and a component of the Periodic Payment Requirement.
- The Commission authorizes APCo to cause consumer rate relief bonds to be 54. issued in one or more series subject to the terms and conditions of this Financing Order. Each such series may include one or more classes or tranches of consumer rate relief bonds. BondCo will pledge to the indenture trustee, as collateral for payment of the consumer rate relief bonds, all right, title and interest of BondCo in and to (i) the consumer rate relief property (which may relate to the entire amount authorized to be securitized or, if more than one series of consumer rate relief bonds are issued due to market conditions, to a portion of the total amount authorized to be securitized), (ii) the transaction documents, (iii) the Collection Account and all subaccounts established in the indenture (discussed below) under which the consumer rate relief bonds will be issued, (iv) the amounts in the capital subaccount, (v) all other property owned by BondCo (with limited exceptions as may be appropriate), and (vi) all proceeds of each of the foregoing. The consumer rate relief bonds will be non-recourse to APCo and its assets (i.e., APCo will have no obligation to pay any of the principal of, interest on and other amounts payable on the consumer rate relief bonds or the Ongoing Financing Costs); provided, however, that APCo could be liable to holders of consumer rate relief bonds in the event that it breached representations, warranties

or covenants made by it in connection with its consumer rate relief property purchase and sale agreement or otherwise to such holders in connection with the Securitization.

- 55. Concurrent with the issuance of any series of the consumer rate relief bonds, APCo will transfer to BondCo the consumer rate relief property, including all (assuming one series of bonds) of its rights under this Financing Order and specifically the right to impose, collect and receive consumer rate relief charges approved in this Financing Order. This transfer will be structured so that it will qualify as a "true sale" within the meaning of <u>W.Va. Code</u> §24-2-4f(p)(1). By virtue of the transfer, BondCo will acquire all of the right, title and interest of APCo in the consumer rate relief property arising under this Financing Order.
- 56. The use and proposed structure of BondCo and the limitations related to its organization and management are necessary to minimize risks related to the proposed Securitization and to satisfy the statutory requirement that the issuance satisfies the Lowest Cost Objective. Therefore, the use and proposed structure of BondCo should be approved.

J. Credit Enhancement and Arrangements to Reduce Credit Risk or Enhance Marketability

- 57. APCo has requested flexibility to use additional forms of credit enhancement, such as an overcollateralization account, and other marketing arrangements to promote the credit quality and/or marketability of the consumer rate relief bonds if the benefits of such arrangements exceed their cost. APCo has also asked that the costs of any credit enhancements as well as the costs of arrangements to enhance marketability be included in the amount of financing costs to be securitized. APCo should be permitted to recover the ongoing costs of credit enhancements and arrangements to enhance marketability. If the use of credit enhancements or other arrangements is proposed by APCo, APCo must reflect the costs of any of those credit enhancements in the final issuance advice letter. This finding does not apply to the Collection Account or its subaccounts approved in this Financing Order.
- 58. APCo's proposed use of credit enhancements and other arrangements to enhance credit quality and/or marketability is reasonable and should be approved, *provided* that APCo certify in the final issuance advice letter that the enhancements or arrangements provide benefits greater than their cost.
- 59. The Applicants have testified that the use of floating rate bonds, foreign currency denominated bonds and/or swap or hedging arrangements in connection with the issuance of consumer rate relief bonds would expose customers to higher risks and greater uncertainty about future costs than fixed rate financing. Accordingly, the Commission has determined that APCo is not permitted to use floating rate bonds, foreign currency denominated bonds or utilize interest swaps or hedging arrangements in the Securitization structure.

K. Consumer Rate Relief Property

60. Pursuant to W.Va. Code §24-2-4f(e)(7), the Applicants have requested that this Financing Order provide that the creation of the consumer rate relief property will be simultaneous with the sale of the property to BondCo and the pledge of that property to the payment of the issuance of the consumer rate relief bonds, and the Commission so determines.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 26 of 71

61. Consumer rate relief property and all other collateral will be pledged to and administered by the indenture trustee pursuant to the indenture, as described in the Application and in Findings of Fact Nos. 72 through 78. This proposal will help ensure the consumer rate relief bonds will obtain the desired "AAA" or equivalent ratings and thus lower the cost to electric utility customers, and should be approved.

L. Servicer and the Servicing Agreement

- 62. APCo will enter into a servicing agreement with BondCo (the Servicing Agreement), under which APCo will serve as initial servicer of the consumer rate relief property and the consumer rate relief bonds. The Servicing Agreement will, among other things, contain provisions to the following effect:
 - a) APCo will be responsible for metering, calculating, billing, collecting and remitting the collected consumer rate relief charge from electric utility customers arising from the consumer rate relief property owned by BondCo. As servicer, APCo will bear the responsibility of making daily remittances of the consumer rate relief charges it receives (or estimates of such receipts) to the indenture trustee on servicer business days.
 - b) The servicer will be responsible for making all true-up adjustment filings with the Commission to make periodic adjustments to the consumer rate relief charges, and for preparing and filing any other reports with the Commission, the indenture trustee, the Rating Agencies or other financing parties.
 - c) APCo will not be permitted to resign voluntarily from its duties as servicer without consent of the Commission or if the resignation will harm the then-current credit ratings on the consumer rate relief bonds.
 - d) APCo may provide some or all of the services required under the Servicing Agreement directly or through an affiliated entity; *provided*, APCo will remain liable to BondCo and to electric utility customers pursuant to the Servicing Agreement notwithstanding such arrangements.
- 63. The Servicing Agreement must also contain the following special provisions for the benefit of the Commission and electric utility customers:
 - a) The Servicing Agreement will contain a recital clause that the Commission, or its attorney, will enforce the Servicing Agreement for the benefit of its electric utility customers to the extent permitted by law.
 - b) APCo will indemnify its electric utility customers to the extent customers incur losses by reason of the negligence, recklessness or willful misconduct of APCo as servicer, including, without limitation, losses associated with higher servicing fees payable to a successor servicer as a result of such negligence, recklessness or willful misconduct of APCo as servicer, or any losses resulting from the failure of APCo to remit any required payment of collected consumer rate relief charges to the indenture trustee.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 27 of 71

- c) Neither BondCo nor the indenture trustee will be permitted to waive any obligations of APCo as servicer without express written consent of the Commission.
- 64. As compensation for its duties as servicer, APCo proposes to receive a servicing fee equal to 0.05% per annum of the original principal balance of the consumer rate relief bonds, plus out-of-pocket expenses, such as those of accountants and counsel. The servicing fee is based upon on current market rates on similar transactions. The servicing and administrative fees collected by APCo, or any affiliate of APCo, acting as either the servicer or the administrator under the Servicing Agreement or administration agreement, respectively, will be included as a revenue credit and reduce revenue requirements in APCo's base rate case. The expenses incurred by APCo or such affiliate to perform obligations under the Servicing Agreement and the administration agreement will likewise be included as a cost of service in APCo's base rate case.
- 65. APCo further proposes that if APCo defaults on its duties as servicer or is required for any reason to discontinue those functions, then a substitute servicer acceptable to the indenture trustee will be named to replace APCo, so long as the replacement will not result in a reduction of the then-current credit ratings on the consumer rate relief bonds. In this event, the Applicants propose that the Servicing Fee not exceed 1.25% per annum on the original principal balance of the consumer rate relief bonds, unless a higher fee is approved by the Commission.
- 66. The obligations to continue to provide servicing functions and to collect and account for the consumer rate relief charges will be binding upon APCo and any successor. A successor to APCo is bound by the requirements of the Act. The successor will have the same rights and will perform and satisfy all obligations of APCo under this Financing Order in the same manner and to the same extent as APCo, including the obligation to collect and pay consumer rate relief charges to the person or persons entitled to receive them. The Commission will enforce the obligations imposed by this Financing Order and any applicable substantive rules and statutory provisions.
- 67. The Commission finds that the proposals described in Findings of Fact Nos. 62 through 66 should be approved because they are reasonable, will reduce risk associated with the proposed Securitization and will, therefore, result in lower costs and greater benefits to electric utility customers.

M. Consumer Rate Relief Bonds

68. BondCo will issue and sell consumer rate relief bonds in one or more series consisting of one or more classes or tranches. The scheduled final payment date of the latest maturing tranche of consumer rate relief bonds will be no later than fifteen years after the date of issuance, and the latest legal final maturity date will not be more than eighteen years after the date of issuance. The scheduled final payment date and legal final maturity date of each tranche and amounts in each tranche will be finally determined by the Applicants in conjunction with the Commission Financial Advisor, consistent with market conditions and requirements of the Rating Agencies, at the time the consumer rate relief bonds are priced, but will be subject to ultimate Commission review through the Issuance Advice Letter Procedure.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 28 of 71

- 69. The Applicants propose that the consumer rate relief bonds will be sold pursuant to a negotiated sale to investors, coordinated through one or more underwriters. As discussed in the Applicants' testimony, public transactions registered with the SEC generally provide for a lower cost of funds relative to Rule 144A private placements, all else being equal, due to the enhanced transparency and liquidity of publicly-registered securities. However, the Commission finds that other methods of sale, including a Rule 144A private placement, must also be explored to assure satisfaction of the Lowest Cost Objective. Accordingly, subject to the review of the Commission Financial Advisor and the approval of the Commission through the Issuance Advice Letter Procedure, and subject to the Lowest Cost Objective, the Applicants will be afforded flexibility to determine whether the consumer rate relief bonds should be sold through a public offering negotiated with one or more underwriters, through a direct sale of securities to investors via a Rule 144A private placement, or through a competitive sale by auction.
- 70. APCo will retain sole discretion regarding whether or when to assign, sell or otherwise transfer any rights concerning consumer rate relief property arising under this Financing Order, or to cause the issuance of any consumer rate relief bonds authorized in this Financing Order; provided, that any issuance must satisfy the Lowest Cost Objective. BondCo will issue the consumer rate relief bonds on or after the fifth business day after pricing of the consumer rate relief bonds unless, prior to noon on the fourth business day after the Commission receives the issuance advice letter following pricing of the consumer rate relief bonds, the Commission issues a disapproval letter directing that the consumer rate relief bonds as proposed will not be issued and containing the basis for such disapproval.
- 71. The Commission finds that a bond structure—providing for substantially levelized annual revenue requirements over the expected life of the consumer rate relief bonds—is in the public interest and should be used. This structure offers the benefit of not relying upon electric utility customer growth and will allow the resulting overall weighted average consumer rate relief charges to remain level or decline over time, if billing determinants remain level or grow.

N. Security for the Consumer Rate Relief Bonds

72. The payment of the consumer rate relief bonds and related charges authorized by this Financing Order is to be secured by the consumer rate relief property created by this Financing Order and by certain other collateral as described in the Application. The consumer rate relief bonds will be issued pursuant to an indenture under which an indenture trustee will administer the trust. Pursuant to the indenture, BondCo will establish a Collection Account as a trust account to be held by the indenture trustee as collateral to facilitate the payment of the principal of, interest on and other costs approved in this Financing Order related to the consumer rate relief bonds in full and on a timely basis. The Collection Account will include the General Subaccount, a Capital Subaccount, an Excess Funds Subaccount, and may include other subaccounts (each described below and collectively, the "Subaccounts").

i. The General Subaccount

73. The indenture trustee will deposit the consumer rate relief charge remittances that the servicer remits to the general subaccount (the "General Subaccount") held by the indenture

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 29 of 71

trustee. The indenture trustee will, on each business day, apply moneys in the General Subaccount according to the priorities set forth in the indenture to pay expenses of BondCo, to pay principal of and interest on the consumer rate relief bonds, and to meet the funding requirements of the other Subaccounts. Funds in the General Subaccount will be invested by the indenture trustee in short-term, high-quality investments, and such funds (including, to the extent necessary, investment earnings) will be applied by the indenture trustee to pay principal of and interest on the consumer rate relief bonds and all other components of the Periodic Payment Requirement (as defined below), and otherwise in accordance with the terms of the indenture.

ii. The Capital Subaccount

74. On or before the consumer rate relief bonds are issued, APCo will make its capital contribution (described above) to BondCo, and BondCo will deposit that capital contribution into the Capital Subaccount (Capital Subaccount). The Capital Subaccount will serve as collateral to facilitate the timely payment of principal of and interest on the consumer rate relief bonds and all other components of the Periodic Payment Requirement. Any funds drawn from the Capital Subaccount to pay these amounts due to a shortfall in the consumer rate relief charge remittances will be replenished through future consumer rate relief charge remittances. The funds in this subaccount will be invested by the indenture trustee in short-term, high-quality investments, and, if necessary, such funds (including investment earnings) will be used by the indenture trustee to pay principal of and interest on the consumer rate relief bonds and all other components of the Periodic Payment Requirement.

iii. Excess Funds Subaccount

75. The Excess Funds Subaccount (Excess Funds Subaccount) will hold any consumer rate relief charge remittances and investment earnings on the Collection Account in excess of the amounts needed to pay current principal of and interest on the consumer rate relief bonds and to pay all other components of the Periodic Payment Requirement (including, but not limited to, funding or replenishing the Capital Subaccount). Any balance in or amounts allocated to the Excess Funds Subaccount on a true-up adjustment date will be subtracted from the Periodic Payment Requirements for purposes of the true-up adjustment. The money in this Subaccount will be invested by the indenture trustee in short-term, high-quality investments, and such money (including investment earnings thereon) will be used by the indenture trustee to pay principal of and interest on the consumer rate relief bonds and all other components of the Periodic Payment Requirement.

iv. Other Subaccounts

76. Other credit enhancements, in the form of subaccounts, such as an over-collateralization account as described in Applicants' testimony, may be utilized for the Securitization; *provided*, that APCo certifies in the issuance advice letter that the enhancements or arrangements are necessary to obtain "AAA" or equivalent ratings and provide benefits greater than their cost and such costs are reflected in the issuance advice letter.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 30 of 71

v. General Provisions.

- 77. The Collection Account and the Subaccounts described above are intended to facilitate the full and timely payment of scheduled principal of and interest on the consumer rate relief bonds and all other components of the Periodic Payment Requirement. If for any reason the amount of consumer rate relief charges remitted to the General Subaccount is insufficient to make, on a timely basis, all scheduled payments of principal of and interest on the consumer rate relief bonds and to make payment on all of the other components of the Periodic Payment Requirement, the Excess Funds Subaccount and the Capital Subaccount will be drawn upon, in that order, to make those payments. Any deficiency in the Capital Subaccount due to such withdrawals must be replenished on a periodic basis through the true-up process. Upon the maturity of the consumer rate relief bonds and upon the discharge of all obligations in respect thereof, amounts remaining in the Collection Account will be released to BondCo and such amounts, other than amounts that were in the Capital Subaccount and any authorized but unpaid return thereon, will be credited by APCo to electric utility customers as provided in the Ordering Paragraph on this issue.
- 78. The use of the Collection Account and Subaccounts in the manner described above will lower risks associated with the Securitization and thus lower the costs to electric utility customers, and is therefore approved.

O. Consumer Rate Relief Charges: Imposition and Collection and Nonbypassability

- 79. The Commission hereby authorizes APCo to impose, charge and collect consumer rate relief charges from electric utility customers, in the manner provided in this Financing Order and the tariffs approved hereby, in an amount sufficient to provide for the timely payment of principal of and interest on the consumer rate relief bonds and all Ongoing Financing Costs.
- 80. Consumer rate relief charges will be imposed, charged and collected until the consumer rate relief bonds are paid in full and the Ongoing Financing Costs have been paid in full.
- 81. Consumer rate relief charges will be collected by the servicer (initially APCo) through a consumer rate relief charge that is separate and apart from APCo's other rates, in the manner described in the Applicants' testimony and in the CRRC Schedule. Consumer rate relief charges shall appear as a separate line item on the customer's electric bill.
- 82. Annually, APCo shall provide a plain-English explanation of the consumer rate relief charges approved in this Financing Order in the manner described in the Applicants' testimony.
- 83. For so long as the consumer rate relief bonds are outstanding and the related consumer rate relief costs and Ongoing Financing Costs have not been paid in full, the consumer rate relief charge will be "nonbypassable" and must be paid by all existing and future electric utility customers that receive electric delivery service from APCo (or any successor), subject to Findings of Fact Nos. 85 and 87 below.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 31 of 71

- 84. Under the Act, a "successor" includes any entity that succeeds by operation of law to the rights and obligations of an Applicant pursuant to bankruptcy, reorganization, restructuring, or other insolvency proceeding, any merger, acquisition, or consolidation or any sale or transfer of assets, regardless of whether any of these occur as a result of restructuring of the electric utility industry or otherwise. Accordingly, in the event that APCo and WPCo merge or are otherwise consolidated, the merged entity will be a successor and the consumer rate relief charges will be payable from all the electric utility customers of the merged entity subject to Findings of Fact Nos. 85 and 87.
- 85. Century, Special Contract Customer J, and the GS Transmission rate class, for the reasons described in Applicants' testimony, should be excluded from payment of the consumer rate relief charge.
- 86. A customer of APCo that may subsequently receive electric delivery service from another qualifying utility or from any other successor to APCo, including any electric cooperative or municipally-owned electric utility, must pay the consumer rate relief charge.
- 87. If a customer's self generation, or any portion thereof, is transmitted on APCo's (or its successor's) delivery system, that portion of self generation will be subject to the consumer rate relief charge. Electric energy that is both produced and consumed by the self-generating customers of APCo's (or its successor's) behind any such customer's electricity meter is not subject to a consumer rate relief charge.
- 88. The Commission finds that (i) regardless of who is responsible for billing, the customers of APCo shall continue to be responsible for consumer rate relief charges; (ii) if a third party meters and bills for the consumer rate relief charges, APCo (as servicer) must have access to information on billing and usage by electric utility customers to provide for proper reporting to BondCo and for APCo to perform its obligations as servicer; (iii) in the case of a third party default, billing responsibilities must be promptly transferred to another party to minimize potential losses; and (iv) the failure of customers to pay consumer rate relief charges will allow service termination by APCo on behalf of BondCo of the customers failing to pay consumer rate relief charges in accordance with Commission-approved service termination rules and orders.
- 89. In order to ensure that the consumer rate relief bonds are rated "AAA" or the equivalent, the Commission finds that the consumer rate relief charges will be collected in a manner that will not adversely affect the then-current credit ratings on the consumer rate relief bonds.
- 90. If any customer does not pay the full amount of any bill including consumer rate relief charges, the shortfall in such collections will be allocated as between consumer rate relief property and other charges pro-rata based upon the amounts billed with respect to each item; *provided*, that late fees and late charges may be allocated to the servicer to the extent consistent with the Terms and Conditions of Service included in APCo's tariff.
- 91. APCo's proposed standards for the imposition, charging and collection of consumer rate relief charges and for "nonbypassability" of the consumer rate relief charges

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 32 of 71

described in Findings of Fact Nos. 79 through 90 are consistent with the Act, and are reasonable and necessary to ensure collection of consumer rate relief charges sufficient to support recovery of principal of and interest on the consumer rate relief bonds and the Ongoing Financing Costs approved in this Financing Order and should be approved.

P. Allocation and Calculation of Consumer Rate Relief Charges

- 92. The Periodic Payment Requirement is the required periodic payment for a given set of collection periods, generally twelve collection periods, in amounts sufficient to pay on a timely basis all scheduled payments of principal and interest (or deposits to sinking funds in respect of principal and interest) and all other Ongoing Financing Costs (including without limitation amounts required to be deposited in or allocated to the Collection Account or any Subaccount, trustee indemnities, payments due in connection with any expenses incurred by the indenture trustee or the servicer to enforce bondholder rights and all other payments that may be required pursuant to the priority of payments set forth in the indenture). Each Periodic Payment Requirement includes: (a) the principal amortization of the consumer rate relief bonds in accordance with the expected amortization schedule (including deficiencies of previously scheduled principal for any reason); (b) periodic interest on the consumer rate relief bonds (including any accrued and unpaid interest); and (c) the Ongoing Financing Costs related to such bonds. The first Periodic Payment Requirement established through the Issuance Advice Letter Procedure may be calculated based upon a set of collection periods greater or less than twelve collection periods. Notwithstanding the foregoing, in the event that any consumer rate relief bonds are outstanding following the last scheduled payment date for such bonds, the Periodic Payment Requirement will be calculated so that collections are sufficient to make all payments on those consumer rate relief bonds and in respect of Ongoing Financing Costs no later than the immediately following payment date.
- 93. The Periodic Billing Requirement represents the aggregate dollar amount of consumer rate relief charges that must be billed during a given set of collection periods, generally twelve collection periods, so that the consumer rate relief charge collections will be sufficient to meet the sum of all Periodic Payment Requirements for that period, given: (i) projected energy consumption; (ii) projected uncollectibles; and (iii) projected lags in collection of billed consumer rate relief charges for the period. The first Periodic Billing Requirement established through the Issuance Advice Letter Procedure may be calculated based upon a set of collection periods greater or less than twelve collection periods, and the Periodic Billing Requirements calculated in the event any consumer rate relief bonds remain outstanding after the last scheduled final payment date may be calculated based upon a set of collection periods less than twelve collection periods.
- 94. Appendix D attached to this Financing Order reflects the cost classification and methodology that the Securitization Stipulating Parties propose to use to allocate the Periodic Billing Requirement among customer rate classes and revenue groups for each such rate class, as applicable. Specifically, in order to mitigate against a disproportionate impact to any existing tariff class resulting from changes in load of that class, the Securitization Stipulating Parties propose to aggregate a number of "Tariff Classes" into larger "CRR Rate Classes" as set forth on Appendix D. Each CRR Rate Class, in turn, falls under one of three "CRR Revenue Groups:" residential, commercial and industrial. The cost classification and initial revenue allocation

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 33 of 71

percentages reflected in Appendix D for each CRR Rate Class and CRR Revenue Group are consistent with the allocation percentages currently being used to recover the ENEC balance for such aggregated CRR Rate Classes and/or CRR Revenue Groups, and should be used for the purpose of allocating the Periodic Billing Requirement among customer rate classes for the Securitization authorized by this Financing Order, subject to adjustment as described below in this paragraph or in connection with any nonstandard true-up adjustments in Findings of Fact Nos. 108 through 111. The total amount of uncollected ENEC costs to be securitized includes costs related to the 7.5% ENEC rate increase cap for tariff schedules IP, LCP and special contracts approved by the Commission in Case No. 11-0274-E-GI. The rate calculations in Appendix D reflect the direct assignment of these costs to the Industrial Revenue Group. Additionally, in the event that any consumer rate relief charges cannot be allocated to a given CRR Rate Class (e.g., no customers remain in such class), those charges shall be re-allocated as part of a standard true-up (or, as applicable, a nonstandard true-up) to the remaining CRR Rate Classes within the given CRR Revenue Group, using the same ratable allocation to the CRR Rate Classes within such CRR Revenue Group excluding the CRR Rate Class for which allocation is no longer feasible. The Commission finds that the proposed allocation methodology is reasonable and necessary to ensure collection of consumer rate relief charges sufficient to support recovery of the consumer rate relief bonds and the Ongoing Financing Costs approved in this Financing Order on a timely basis.

- 95. The actual consumer rate relief charge that will be billed during a given set of collection periods will be calculated in advance in an amount so that the consumer rate relief charge collections will be sufficient to meet on a timely basis the sum of all principal of and interest on the consumer rate relief bonds and the Ongoing Financing Costs due and payable for that period, given: (i) projected demand and energy consumption; (ii) projected uncollectibles; and (iii) projected lags in collection of billed consumer rate relief charges for the period.
- 96. The Commission finds the cost classification and allocation methodology proposed by the Securitization Stipulating Parties in Finding of Fact No. 94, and the method for calculation of the consumer rate relief charges described in Findings of Fact Nos. 92 through 95 to be reasonable and appropriate.

Q. True-Up Adjustment Mechanism

i. True-up introduction

- 97. The Applicants have included as Exhibit 5 to their Application a formula-based "adjustment mechanism," as defined in <u>W.Va. Code</u> §24-2-4f(b)(1) and as required by <u>W.Va. Code</u> §24-2-4f(k)(4), pursuant to which APCo will make periodic true-up adjustments to consumer rate relief charges as required by <u>W.Va. Code</u> §24-2-4f(k)(1).
- 98. Pursuant to <u>W.Va. Code</u> §24-2-4f(b)(1) and (k)(1), APCo has requested the ability to make two types of periodic adjustments: (1) standard adjustments to consumer rate relief charges that are limited to relatively stable conditions of operations, and (2) nonstandard adjustments that may be necessary to reflect significant changes from historical conditions of operations, such as the loss of significant electrical load. APCo has also requested that standard adjustments consist of both annual and interim adjustments as described below.

ii. Standard True-Up Adjustments.

- 99. APCo, as servicer, or a successor servicer, will make annual adjustments to the consumer rate relief charges to: correct any undercollections or overcollections during the preceding set of collection periods; and ensure the billing of consumer rate relief charges necessary to generate the collection of amounts sufficient to pay in full the Periodic Payment Requirements for the upcoming set of collection periods on a timely basis.
- 100. True-up adjustment filings will be based upon the cumulative differences, regardless of the reason, between the Periodic Payment Requirement (including scheduled principal and interest payments on the consumer rate relief bonds and Ongoing Financing Costs) and the amount of actual consumer rate relief charge remittances to the indenture trustee. True-up adjustment procedures are necessary to ensure full and timely payment of amounts sufficient to meet the Periodic Payment Requirement over the expected life of the consumer rate relief bonds. In order to assure adequate consumer rate relief charges to fund the Periodic Payment Requirement and to avoid large overcollections and undercollections over time, the servicer will reconcile the consumer rate relief charges using APCo's most recent forecast of electricity deliveries (i.e., forecasted billing units) for each CRR Revenue Group and estimates of Ongoing Financing Costs. The calculation of the consumer rate relief charges will also reflect actual collections in hand, projected collections, projected uncollectible consumer rate relief charges and projected payment lags between the billing and collection of consumer rate relief charges based upon APCo's most recent experience regarding collection of consumer rate relief charges.
- 101. The servicer will make true-up adjustments in the following manner, known as the annual "standard true-up adjustment" procedure:
 - (a) calculate undercollections or overcollections of consumer rate relief charges from the previous set of collection periods (generally, twelve collection periods) by subtracting the Periodic Payment Requirement for the previous set of collection periods from that period's consumer rate relief charges collected, taking into account actual collections and collections projected to be received prior to the upcoming true-up adjustment effective date;
 - (b) calculate the Periodic Billing Requirement for the next set of collection periods following the proposed adjustment date;
 - sum the amounts in steps (a) and (b) to determine an adjusted Periodic Billing Requirement for the next set of collection periods;
 - (d) multiply the sum calculated in step (c) by the allocation percentages then assigned to each CRR Rate Class as initially established pursuant to Finding of Fact No. 94 and as modified from time to time pursuant to Finding of Fact No. 94 and/or the nonstandard true-up procedure; and
 - (e) divide the amount assigned to each CRR Rate Class in step (d) above by the forecasted energy (kWh) billing units or demand (\$/kW), as applicable, for such class to determine the consumer rate relief charge for each such CRR Rate Class for the upcoming set of collection periods.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 35 of 71

- 102. In addition to the annual standard true-up adjustments, APCo, as servicer (or a successor servicer) will make a mandatory interim standard true-up adjustment semi-annually (and quarterly after the last scheduled maturity date of the consumer rate relief bonds):
 - (a) if the servicer projects that consumer rate relief charge collections will be insufficient to make all scheduled payments of principal of, interest on and other amounts in respect of the consumer rate relief bonds and Ongoing Financing Costs on a timely basis during the current or next succeeding set of collection periods; and/or
 - (b) to replenish any draws upon the capital subaccount.
- 103. In addition to the annual and mandatory semi-annual standard true-up adjustments, APCo, as servicer (or a successor servicer) will also be authorized to make interim standard adjustments at any time in order to ensure the timely and full payment of principal of and interest on the consumer rate relief bonds and Ongoing Financing Costs.
- 104. In the event an interim standard true-up (whether mandatory or optional) is necessary, the interim true-up adjustment will use the allocation factors utilized in the most recent annual true-up adjustment (or nonstandard true-up adjustment, whichever is more recent) and will be filed not less than 15 days prior to the first day of the monthly billing cycle in which the revised consumer rate relief charges will become effective.
- 105. As provided in <u>W.Va. Code</u> §24-2-4f(k)(3), the Commission's review of any standard true-up adjustment is limited to a determination of whether there is a mathematical error in the application of the adjustment mechanism, and no hearing will be required for a standard adjustment. A standard true-up adjustment as calculated by APCo, as servicer (or a successor servicer), but incorporating any correction for a mathematical error as determined by the Commission, will be automatically effective on the first day of the monthly billing cycle next following such true-up adjustment filing, but in any event no earlier than 15 days following the date of such filing.
- 106. On the same day that APCo, as servicer, files for a standard or nonstandard true-up adjustment, but only if the adjustment would result in an increase to the amount of the consumer rate relief charges, the Applicants will give public notice through the publication of a Class I legal advertisement in Kanawha County as required by W.Va. Code §24-2-4f(k)(2). APCo's failure to publish such notice, however, shall not affect the validity or collectibility of the consumer rate relief charges.
- 107. The initial standard true-up adjustment, whether annual or interim, will be made not later than twelve months after the issuance date for the consumer rate relief bonds.

iii. Nonstandard True-Up Adjustment

108. APCo, as servicer, or a successor servicer must file for a nonstandard true-up adjustment if it determines that as a result of significant changes from historical conditions of operation, such as the loss of significant electric load or a merger of APCo with another utility and a resulting expansion of APCo's customer base, it is necessary to adjust the allocation

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 36 of 71

percentages for any CRR Revenue Group determined pursuant to Finding of Fact No. 94. Specifically, if APCo experiences or projects a drop in the consumption of electricity for any CRR Revenue Group of 10% or more as calculated by comparing the difference between the revised forecasted load and the original projected load, then APCo will initiate a proceeding with the Commission to determine new allocation factors. APCo will also initiate a nonstandard true-up proceeding if APCo and WPCo merge in order to take into account the impact of the combined allocation of revenue groups.

- 109. Consistent with <u>W.Va. Code</u> \$24-2-4f(k)(4), a proceeding for the purpose of approving a nonstandard true-up adjustment should be conducted in the following manner:
 - (a) The servicer will make a nonstandard true-up adjustment filing with the Commission at least 60 days before the date of the proposed true-up adjustment. The filing may contain proposed changes to the allocation percentages determined pursuant to Finding of Fact No. 94, the resulting changes to consumer rate relief charge rates, the justification for such changes as necessary to address the specific cause(s) of the proposed nonstandard true-up adjustment, and a statement of the proposed effective date;
 - (b) On the same day that APCo files for a true-up adjustment, but only if the true-up adjustment would result in an increase to the amount of the consumer rate relief charges, APCo will give public notice through the publication of a Class I legal advertisement in Kanawha County as required by W.Va. Code §24-2-4f(k)(2). APCo's failure to publish such notice, however, shall not affect the validity or collectibility of the consumer rate relief charges;
 - (c) The Commission will allow financing parties to comment on APCo's filing and will hold a hearing, if it deems necessary, within 30 days of the Applicants' filing, in accordance with W.Va. Code §24-2-4f(k)(4);
 - (d) The nonstandard true-up adjustment filing, as modified by the Commission if necessary, shall become effective within 60 days of APCo's filing; and
 - (e) Once a nonstandard true-up adjustment filing has become effective, the modified allocation percentages set forth therein shall remain effective for all future standard true-up adjustment filings unless and until a subsequent nonstandard true-up adjustment filing is initiated in accordance with this Finding of Fact No. 109.
- 110. The scope of the Commission's review of any nonstandard true-up adjustment filing must be consistent with W.Va. Code §24-2-4f(k)(4).
- 111. As required by <u>W.Va. Code</u> §24-2-4f(k)(4) any procedure for a nonstandard trueup adjustment must also be consistent with assuring the full and timely payment of the consumer rate relief bonds and the Ongoing Financing Costs.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 37 of 71

iv. True-Up Adjustments Generally

- 112. There is no limit on the amount of the consumer rate relief charge which may be imposed as a result of any true-up adjustment.
- 113. The true-up adjustment mechanism and procedures described in the Application and in this Financing Order are reasonable and will reduce risks related to the consumer rate relief bonds, resulting in lower consumer rate relief charges and greater benefits to Applicants' electric utility customers and should be approved.
- 114. The broad-based nature of the true-up mechanism and the pledge of the State of West Virginia embodied in W.Va. Code §24-2-4f(s) serves to minimize, for all practical purposes and circumstances, credit risk associated with the consumer rate relief bonds (i.e., that sufficient funds will be available and paid to discharge all principal of and interest on the consumer rate relief bonds when due).

R. Commission Financial Advisor

- 115. The Commission has engaged the services of a financial advisor for the purpose of assisting the Commission in its consideration of the Applicants' application for a financing order and the subsequent issuance of consumer rate relief bonds.
- 116. The Commission agrees that the Commission, acting directly or through its designated representative or the Commission Financial Advisor, should be actively involved at all times and in all aspects of the structuring, marketing and pricing of the consumer rate relief bonds. This will allow for meaningful and substantive cooperation among the Applicants and the Commission to achieve the Lowest Cost Objective and to protect the interests of consumers. Cooperation among the Applicants and the Commission Financial Advisor will promote transparency in the consumer rate relief bonds' pricing process, thereby promoting the integrity of the process and ensuring that the interests of consumers are protected in the negotiation with underwriters and investors.
- 117. The Commission, acting directly or through its designated representative or the Commission Financial Advisor, may require a certificate from the bookrunning underwriter(s) confirming that the structuring, marketing and pricing of the consumer rate relief bonds resulted in consumer rate relief bond yields consistent with market conditions, the marketing plan and the terms of this Financing Order.

S. Lowest Consumer Rate Relief Charges

- 118. The Applicants have proposed a transaction structure that is expected to include (but is not limited to):
 - i. the use of BondCo as issuer of the consumer rate relief bonds limiting the risks to consumer rate relief bondholders of any adverse impact resulting from a bankruptcy proceeding of APCo's parent or any affiliate;

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 38 of 71

- ii. the right to impose, charge and collect consumer rate relief charges that are "nonbypassable" (subject to Findings of Fact Nos. 85 and 87) and which must be adjusted at least annually and more frequently if required, in order to assure the timely payment of the debt service and the Ongoing Financing Costs;
- iii. additional collateral in the Collection Account which includes a Capital Subaccount funded by cash on hand from APCo in an amount equal to not less than 0.5% of the original principal balance of the consumer rate relief bonds and other Subaccounts resulting in greater certainty of payment of interest and principal to investors and that are consistent with the Internal Revenue Service requirements and Rating Agency requirements;
- iv. protection of consumer rate relief bondholders against potential defaults by APCo in its role as servicer;
- v. benefits for federal income tax purposes including: (i) the transfer of the rights under this Financing Order to BondCo not resulting in gross income to APCo, and the future revenues from consumer rate relief charges being included in APCo's gross income under its usual method of accounting, (ii) the issuance of the consumer rate relief bonds and the transfer of the proceeds of the consumer rate relief bonds to APCo not resulting in gross income to APCo, and (iii) the consumer rate relief bonds constituting obligations of APCo for federal income tax purposes;
- vi. the marketing of the consumer rate relief bonds using proven marketing techniques, through which market conditions and investors' preferences, with regard to the timing of the issuance, the terms and conditions, related maturities and other aspects of the structuring and pricing will be determined, evaluated and factored into the structuring and pricing of the consumer rate relief bonds; and
- vii. furnishing timely information to the Commission, acting directly or through its designated representative or the Commission Financial Advisor, to allow the Commission before and through the Issuance Advice Letter Procedure to ensure that the structuring and pricing of the consumer rate relief bonds satisfies the Lowest Cost Objective.
- 119. The proposed transaction structure is necessary to enable the consumer rate relief bonds to obtain a bond credit rating of "AAA" or the equivalent, and ensures that the structuring and pricing of the consumer rate relief bonds satisfies the Lowest Cost Objective.
- 120. To ensure that electric utility customers receive the economic benefits due from the proposed Securitization and so that the proposed consumer rate relief bond transaction is just and reasonable and satisfies the Lowest Cost Objective, it is necessary that (i) the scheduled final payment date of the last tranche of consumer rate relief bonds be no later than fifteen years from the date of issuance (although the legal final maturity date of the consumer rate relief bonds may extend to eighteen years from the date of issuance), (ii) the amortization of the consumer rate relief bonds is structured to be consistent with Finding of Fact No. 71, and (iii) APCo

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 39 of 71

otherwise confirms the benefits of the Securitization through the Issuance Advice Letter Procedure described in this Financing Order.

121. To allow the Commission to fulfill its obligations under the Act and to assure compliance with the Lowest Cost Objective, it is necessary for APCo, for each series of consumer rate relief bonds issued, to certify to the Commission that the structuring and pricing of that series satisfies the Lowest Cost Objective and, if additional credit enhancements or arrangements to enhance marketability were used, to certify that they are expected to provide benefits in excess of their cost as provided in Finding of Fact No. 58 of this Financing Order.

T. Use of Proceeds

- 122. Upon the issuance of consumer rate relief bonds, BondCo will use the net proceeds from the sale of the consumer rate relief bonds (after payment of Upfront Financing Costs) to pay the purchase price for the consumer rate relief property.
- 123. APCo will use the proceeds from the sale of the consumer rate relief property (net of Upfront Financing Costs), to redeem, repay or retire existing long-term and/or short-term corporate debt and/or equity.

U. Distribution Following Repayment

124. Upon the full repayment of the consumer rate relief bonds and the Ongoing Financing Costs, the indenture trustee will release to BondCo all remaining amounts. BondCo will dividend to APCo all amounts so received and any amounts remitted to APCo in excess of the amount of capital contributed (and required but unpaid return) will be credited to electric utility customers based upon the most recent allocation percentages in effect at such time for recovery of consumer rate relief charges from such customers.

V. Economic Assurances

- 125. Applicants have given, on behalf of themselves and their parent, the assurance that they will comply with the conditions described in <u>W.Va. Code</u> §24-2-4f(e)(12). This commitment satisfies the provisions of <u>W.Va. Code</u> §24-2-4f(e)(12). Consistent with the irrevocable nature of the consumer rate relief property, however, any breach of such commitments (a) will not impair the consumer rate relief property and (b) any failure to comply with such economic commitments will not adversely affect the consumer rate relief property or the irrevocability of the this Financing Order.
- 126. Based upon Applicants' testimony that they will not lend money, directly or indirectly, to, nor guarantee any obligations of, a registered holding company or a nonutility affiliate, the payment obligations of customers in respect of the consumer rate relief bonds will be unaffected should either Applicant in the future lend money to, or otherwise guarantee obligations of, its affiliates, the Commission finds that the Applicants have given the economic assurances described in <u>W.Va. Code</u> §24-2-4f(e)(12) and, therefore, all conditions in such section to the effectiveness of this Financing Order have been satisfied.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 40 of 71

VI. CONCLUSIONS OF LAW

- 1. Each Applicant is a "qualified utility" as defined in W.Va. Code §24-2-4f(b)(20).
- 2. The Applicants are authorized to file an application for a financing order under W.Va. Code §24-2-4f(c).
- 3. The Commission has jurisdiction and authority over the Application pursuant to $\underline{W.Va.\ Code}$ §24-2-4f(c)(1).
- 4. The Commission has authority to approve this Financing Order under <u>W.Va.</u> <u>Code</u> §24-2-4f(e).
- 5. Pursuant to <u>W.Va. Code</u> §24-2-4f(b)(3), BondCo will be "an assignee" as defined in the Act when an interest in consumer rate relief property is transferred to BondCo as described herein.
- 6. The indenture trustee will be a "financing party," as defined in $\underline{W.Va.}$ \underline{Code} §24-2-4f(b)(14).
- 7. BondCo may issue consumer rate relief bonds in accordance with this Financing Order and W.Va. Code §24-2-4f(b)(4) and §24-2-4f(p).
- 8. The use of the proceeds of the consumer rate relief bonds for the purposes of recovering consumer rate relief costs and paying Upfront Financing Costs is consistent with the Act.
- 9. The issuance of the consumer rate relief bonds, including the Ongoing Financing Costs, approved in this Financing Order is just and reasonable and satisfies the Lowest Cost Objective, as required by W.Va. Code §24-2-4f(e)(5)(G). Applicants have satisfied their obligation to provide the economic assurances described in W.Va. Code §24-2-4f(e)(12).
- 10. The Issuance Advice Letter Procedure described in this Financing Order satisfies the requirements of <u>W.Va. Code</u> §24-2-4f(e)(9).
- 11. The amounts comprising the Fixed Stipulation Securitization Amount as approved for recovery in this Financing Order constitute expanded net energy costs under the Act and are eligible for recovery through securitization in accordance with <u>W.Va. Code</u> §24-2-4f(e)(5)(A).
- 12. This Financing Order adequately details the amount to be recovered and the period over which APCo will be permitted to recover nonbypassable consumer rate relief charges in accordance with the requirements of <u>W.Va. Code</u> §24-2-4f(e)(5)(C).
- 13. The methodology and calculations approved in this Financing Order for collecting and allocating the consumer rate relief charges between and within tariff schedules and to special contract customers are reasonable and satisfy the requirements of W.Va. Code §24-2-4f(e)(5)(D).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 41 of 71

- 14. The true-up adjustment mechanism, including the standard and nonstandard true-up adjustment procedures proposed by the Securitization Stipulating Parties, as approved by this Financing Order to assure that the full and timely payment of consumer rate relief bonds and associated financing costs, is reasonable and satisfies the requirements of $\underline{W.Va.}$ Code $\S24-2-4f(e)(5)(E)$.
- 15. The consumer rate relief property created by this Financing Order, including the right to impose, charge and collect the consumer rate relief charges authorized in this Financing Order, is transferable, and the creation of the consumer rate relief property will be simultaneous with, the sale of the consumer rate relief property to BondCo and the pledge of the consumer rate relief property to secure consumer rate relief bonds, as provided for under <u>W.Va. Code</u> §24-2-4f(e)(7).
- 16. This Financing Order constitutes a "final financing order" as defined in $\underline{W.Va.}$ \underline{Code} §24-2-4f(b)(13).
- 17. The servicing arrangements approved in this Financing Order comply with the Act, including, without limitation, W.Va. Code §24-2-4f(m)(2).
- 18. Pursuant to <u>W.Va. Code</u> §24-2-4f(g) this Financing Order is irrevocable and the Commission may not reduce, impair, postpone or terminate the consumer rate relief charges, except for the true-up adjustment mechanism approved in this Financing Order, as required by <u>W.Va. Code</u> §24-2-4f(e)(5)(E) or impair the consumer rate relief property or the collection of consumer rate relief charges.
- 19. The rights, interests and property conveyed to BondCo under the consumer rate relief property purchase and sale agreement and the related bill of sale, including the irrevocable right to impose, charge and collect consumer rate relief charges, and the receipts, collections, rights, payments, moneys, claims or other proceedings arising from the rights and interests created hereunder, from consumer rate relief charges constitute "consumer rate relief property" within the meaning of <u>W.Va. Code</u> §24-2-4f(b)(9) and <u>W.Va. Code</u> §24-2-4f(e)(5)(B).
- 20. Upon its transfer to BondCo, the consumer rate relief property will constitute an existing present property right, even though the imposition and collection of the consumer rate relief charges depend on further acts by APCo or others that have not yet occurred, as provided by W.Va. Code §24-2-4f(f)(4).
- 21. Pursuant to <u>W.Va. Code</u> §24-2-4f(f)(5), consumer rate relief property will continue to exist until the consumer rate relief bonds authorized under this Financing Order and the Ongoing Financing Costs have been paid in full.
- 22. Pursuant to <u>W.Va. Code</u> §24-2-4f(p), upon the transfer by APCo of the consumer rate relief property to BondCo, BondCo will have all of the rights, title and interest of APCo with respect to such consumer rate relief property including the right to impose, collect and receive the consumer rate relief charges authorized by the Financing Order.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 42 of 71

- 23. As provided in <u>W.Va. Code</u> §24-2-4f(f)(3), any transfer, sale, grant of security interest or pledge of consumer rate relief property authorized by this Financing Order does not require the prior consent and approval of the Commission under <u>W.Va. Code</u> §24-2-12.
- 24. The consumer rate relief bonds issued pursuant to this Financing Order will be "consumer rate relief bonds" within the meaning of $\underline{W.Va.\ Code}$ §24-2-4f and those consumer rate relief bonds and holders thereof are entitled to all of the protections provided under the Act, including without limitation, the pledge of the State of West Virginia embodied in $\underline{W.Va.\ Code}$ §24-2-4f(s).
- 25. "Consumer rate relief charges," defined in <u>W.Va. Code</u> §24-2-4f(b)(7), includes amounts which are authorized by the Commission in this Financing Order to be collected by APCo from retail electric utility customers in order to pay and secure the debt service payments of consumer rate relief bonds and associated financing costs.
- 26. As provided in W.Va. Code §24-2-4f(m)(2), customers of APCo will be held harmless by APCo for the failure to remit any required payment of consumer rate relief charges collected, but such failure does not affect the consumer rate relief property or the right to impose, charge and collect the consumer rate relief charges under the Act. The provisions of the proposed Servicing Agreement proposed by the Applicants satisfy this statutory requirement.
- 27. As provided in <u>W.Va. Code</u> §24-2-4f(m)(3), the interests of an assignee, the holders of consumer rate relief bonds and the indenture trustee in consumer rate relief property and in the revenues and collections arising from that property are not subject to setoff, counterclaim, surcharge or defense by APCo or any affiliate thereof.
- 28. If and when APCo transfers to BondCo the right to impose, charge and collect the consumer rate relief charges and to issue the consumer rate relief bonds, the servicer will be able to recover the consumer rate relief charges associated with such consumer rate relief property only for the benefit of BondCo and the holders of the consumer rate relief bonds in accordance with the Servicing Agreement.
- 29. If and when APCo transfers its rights under this Financing Order to BondCo under a consumer rate relief property purchase and sale agreement that expressly states that the transfer is a sale or other absolute transfer in accordance with the true-sale provisions of <u>W.Va. Code</u> §24-2-4f(p), then, pursuant to that statutory provision, that transfer will be a true sale of an interest in consumer rate relief property and not a secured transaction or other financing arrangement and title, legal and equitable, to the consumer rate relief property will pass to BondCo.
- 30. As provided in <u>W.Va. Code</u> §24-2-4f(p)(2), the characterization of a sale, conveyance, assignment or other transfer of consumer rate relief property created under this Financing Order as a true sale or other absolute transfer will be effective and perfected against all third parties and will not be affected or impaired by, among other things, the occurrence of any of the following:
 - (1) Commingling of amounts arising with respect to the collected consumer rate relief charges with other amounts; or

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 43 of 71

- (2) The retention by APCo of (i) a partial or residual interest, including an equity interest, in the consumer rate relief property, whether direct or indirect, or whether subordinate or otherwise, or (ii) the right to recover costs associated with taxes, franchise fees or license fees imposed on the collection of consumer rate relief charges; or
- (3) Any recourse that BondCo or any assignee may have against APCo; or
- (4) Any indemnification rights, obligations or repurchase rights made or provided by APCo; or
- (5) The obligation of APCo to collect the consumer rate relief charges on behalf of BondCo or any assignee; or
- (6) The treatment of the sale, assignment or transfer for tax, financial reporting or other purposes; or
- (7) Any application of the true-up adjustment mechanism approved under this Financing Order.
- 31. Pursuant to <u>W.Va. Code</u> §24-2-4f(o), except as provided by the Act, the creation, perfection and enforcement of security interests in consumer rate relief property created under this Financing Order are governed by the Act.
- 32. As provided in W.Va. Code §24-2-4f(o), a valid and enforceable security interest in the consumer rate relief property created under this Financing Order in favor of the holders of the consumer rate relief bonds or the indenture trustee on their behalf will be created, valid and binding upon the latest of the date the security agreement is executed and delivered or the date that BondCo receives the net proceeds from the issuance of the consumer rate relief bonds, which receipt will constitute value for purposes of W.Va. Code §24-2-4e(f)(3). The security interest will attach without any physical delivery of collateral or other act and, upon the filing of a financing statement with the Office of the Secretary of State, (i) the lien of the security interest will be valid, binding and perfected against all parties having claims of any kind in tort, contract or otherwise against BondCo, regardless of whether the parties have notice of the lien and (ii) the transfer of an interest in the consumer rate relief property will be perfected against all parties having claims of any kind, including any judicial lien or other lien creditors or any claims of APCo or creditors of APCo. This security interest will constitute a continuously perfected security interest and will have priority over any other lien, created by operation of law or otherwise, that may subsequently attach to the consumer rate relief property or those rights or interests unless the indenture trustee has agreed in writing otherwise.
- 33. As provided in W.Va. Code §24-2-4f(o)(7)-(8), the application of the true-up adjustment mechanism to the consumer rate relief charges as approved in this Financing Order will have no affect on the validity, perfection or priority of security interest in, or in the transfer of the consumer rate relief property created by this Financing Order, nor will the priority of the security interest in the consumer rate relief property be affected by the commingling of consumer rate relief charges with other funds, and any other security interest that may apply to those

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 44 of 71

comingled funds will be terminated when the funds are transferred to a segregated account for an assignee or a financing party.

- 34. As provided in <u>W.Va. Code</u> §24-2-4f(m), if APCo defaults on a required payment of consumer rate relief charges collected, a court, upon application by a financing party, or the Commission, upon application to the Commission or upon its own motion, and without limiting any other remedies available to the applying party, will order the sequestration and payment of the consumer rate relief charges collected for the benefit of bondholders, assignees and financing parties. The order will remain in full force and effect notwithstanding a bankruptcy, reorganization or other insolvency proceedings with respect to the qualifying utility or any affiliate thereof.
- 35. As provided by W.Va. Code §24-2-4f(q)(2), the consumer rate relief bonds issued under this Financing Order do not constitute a debt or a pledge of the faith and credit or taxing power of the State of West Virginia or of any county, municipality or any other political subdivision of the State of West Virginia. Bondholders will have no right to have taxes levied by the State of West Virginia or the taxing authority of any county, municipal corporation or any other political subdivision of the State of West Virginia for the payment of the principal of or interest on the consumer rate relief bonds. The issuance of consumer rate relief bonds does not, directly, indirectly or contingently, obligate the State of West Virginia or any county, municipality or political subdivision of the State of West Virginia to levy any tax or make any appropriation for payment of the principal of or interest on the consumer rate relief bonds. The foregoing does not, however, exempt the State of West Virginia or any such county, municipality or political subdivision from any obligation to pay consumer rate relief charges in its capacity as a consumer of electricity.
- 36. Pursuant to <u>W.Va. Code</u> §24-2-4f(s), the State of West Virginia has pledged for the benefit and protection of all bondholders, assignees and financing parties under this Financing Order, that it will not take or permit any action that would impair the value of consumer rate relief property, or, except as allowed under subsection (k) of <u>W.Va. Code</u> §24-2-4f, reduce, alter or impair the consumer rate relief charges to be imposed, collected and remitted to any financing parties, until the principal of, and interest on and redemption premium, if any, and Ongoing Financing Costs and any other charges incurred and contracts to be performed in connection with the consumer rate relief bonds have been paid and performed in full. BondCo, in issuing consumer rate relief bonds, is authorized pursuant to this Financing Order to include this pledge in any documentation relating to the consumer rate relief bonds.
- 37. As provided in <u>W.Va. Code</u> §24-2-4f(q)(1), the imposition, billing, collection and receipt of consumer rate relief charges under the Act are exempt from state income, sales, franchise, gross receipts, business and occupation and other taxes or similar charges; *provided*, *however*, that neither this exemption nor any other provision of <u>W.Va. Code</u> §24-2-4f(q), will preclude any municipality from taxing consumer rate relief charges under the authority granted to municipalities pursuant to <u>W.Va. Code</u> §§8-13-5 and 5a.
- 38. As provided in W.Va. Code §24-2-4f(g), this Financing Order will remain in full force and effect and unabated notwithstanding the bankruptcy of either Applicant or any

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 45 of 71

affiliates of either Applicant or the commencement of any judicial or nonjudicial proceeding involving this Financing Order.

- 39. In accordance with <u>W.Va. Code</u> §24-2-4f(e)(11), this Financing Order sets forth procedures requiring APCo to adjust its rates or provide credits in a manner that would return to electric utility customers any overpayments resulting from the Securitization in excess of actual prudently incurred costs as subsequently determined by the Commission.
- 40. As provided in <u>W.Va. Code</u> §24-2-4f(i)(1), the Commission, in exercising its powers and carrying outs its duties regarding regulation and ratemaking, may not do any of the following: (1) consider the consumer rate relief bonds issued pursuant to this Financing Order to be the debt of APCo; (2) consider the consumer rate relief charges imposed, charged or collected under this Financing Order to be revenue of either Applicant; or (3) consider the consumer rate relief charges or financing costs authorized under this Financing Order to be the costs of APCo.
- 41. As provided in <u>W.Va. Code</u> §24-2-4f(i)(4), if APCo elects not to finance the ENEC through the issuance of consumer rate relief bonds after the issuance of this Financing Order, those costs will be recoverable by the Applicants as authorized by the Commission previously or in subsequent proceedings.
- 42. This Financing Order is final, is not subject to rehearing by this Commission, and is not subject to review or appeal except as expressly provided in W.Va. Code §24-2-4f(e)(10). The finality of this Financing Order is not impaired in any manner by the participation of the Commission, acting directly or through its designated representative or the Commission Financial Advisor, in any decisions related to issuance of the consumer rate relief bonds or by the Commission's review of the issuance advice letter required to be filed with the Commission by this Financing Order.
- 43. This Financing Order meets the requirements for a financing order under $\underline{W.Va.}$ Code $\S24-2-4f.$
- 44. The true-up adjustment mechanism and all other obligations of the State of West Virginia and the Commission set forth in this Financing Order, are direct, explicit, irrevocable and unconditional upon issuance of the consumer rate relief bonds and are legally enforceable against the State of West Virginia and the Commission.
- 45. As provided in <u>W.Va. Code</u> §24-2-4f(1), the consumer rate relief charges authorized under this Financing Order are "nonbypassable" (as defined in <u>W.Va. Code</u> §24-2-4f(b)(17)), and apply to all existing and future West Virginia retail customers of APCo or any successors and must be paid by any such customer that receives electric delivery service from APCo or its successors (subject to Findings of Fact Nos. 85 and 87).
- 46. As provided in <u>W.Va. Code</u> §24-2-4f(n), any successor to APCo will be bound by this Financing Order and will perform and satisfy all obligations of APCo under this Financing Order, in the same manner and to the same extent as APCo, including the obligation to collect and pay consumer rate relief charges to the person or persons entitled to receive those revenues. Any such successor will also have the same rights of APCo under this Financing Order in the same manner and to the same extent as are granted in favor of APCo.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 46 of 71

- 47. If any provision of <u>W.Va. Code</u> §24-2-4f is held to be invalid or is superseded, replaced, repealed or expires for any reason, that occurrence will not affect any action allowed under this Financing Order in reliance on those sections that is taken prior to that occurrence by the Commission, the Applicants, BondCo, any other assignee, collection agent, financing party, bondholder or party to an ancillary agreement. Any such action will remain in full force and effect.
- 48. This Financing Order will be operative and in full force and effect from the date of issuance by the Commission.
- 49. The Securitization Joint Stipulation and the Proposed Financing Order attached thereto and incorporated therein are fair and reasonable.

VII. ORDERING PARAGRAPHS

Based upon the record, the Findings of Fact and Conclusions of Law set forth herein and, for the reasons stated above, this Commission orders:

A. Approvals

Approval of Application. The Application of the Applicants, as modified by the Securitization Joint Stipulation, is approved and adopted, as provided in this Financing Order.

Authority to Securitize. APCo is authorized in accordance with this Financing Order to securitize and to cause the issuance of consumer rate relief bonds in an amount equal to the Total Stipulation Securitization Amount, which consists of the Fixed Stipulation Securitization Amount of \$376,024,583, plus Upfront Financing Costs equal to sum of (i) the fees charged and costs incurred by the Commission Financial Advisor and (ii) the lesser of \$5,750,000 or the actual aggregate amount of the other Upfront Financing Costs (i.e., other than the fees and costs of the Commission Financial Advisor) actually incurred by the Applicants. Upfront Financing Costs on the Fixed Stipulation Securitization Amount are subject to update, adjustment and approval pursuant to the terms of this Financing Order and the Issuance Advice Letter Procedure authorized by this Financing Order.

Recovery of Consumer Rate Relief Charges. Each of APCo and BondCo is hereby authorized to, and APCo as servicer shall, impose, charge and collect from APCo's existing and future electric utility customers consumer rate relief charges in an amount sufficient to provide for the timely recovery of principal of, and interest on and redemption premium, if any, on the consumer rate relief bonds together with the Ongoing Financing Costs as approved in this Financing Order.

Approval of Tariffs. The form of the Original Sheet No. 35 attached to the testimony of Applicants' witness Ferguson and to be included in P.S.C. W.VA. Tariff No. 13 (APCo), is hereby approved. The ENEC rates approved in the 2012 ENEC Proceeding and as shown on the new Original Sheet No. 34 in APCo's P.S.C. W. VA. Tariff No, 13 and WPCo's Tariff No. 18 shall remain in effect following this proceeding for WPCo customers. The rates approved in the 2012 ENEC Proceeding shall be used as they are today to determine the amount of revenue that is applied to the Applicants' over/under recovery position and shall continue to be carried on

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 47 of 71

APCo's books. The ENEC rates of APCo shall be adjusted downward by an amount equal to the consumer rate relief charges so that the ENEC recovery component and the CRRC component, cumulatively, shall be equal to the ENEC rates charged by WPCo; the foregoing shall have no impact upon the calculation or imposition of the CRRC under this Financing Order.

Rate of Return on Capital Investment. APCo is authorized to recover an annual rate of return on its capital contribution to BondCo calculated at a rate equal to 5.85%.

B. Provision of Information; Issuance Advice Letter Procedure and Related Matters

Provision of Information. APCo shall take all necessary steps to ensure that the Commission, acting directly or through its designated representative or the Commission Financial Advisor, is provided sufficient and timely information so that it can participate fully and in advance regarding all material aspects relating to the structuring, pricing and marketing of the consumer rate relief bonds as described in Findings of Fact Nos. 41 and 42.

Draft of Issuance Advice Letter. APCo shall submit a draft issuance advice letter to the Commission, acting directly or through its designated representative or the Commission Financial Advisor, for review not more than two weeks prior to the expected date of commencement of marketing of such issuance of consumer rate relief bonds or a shorter period approved by the Commission, acting directly or through its designated representative or the Commission Financial Advisor, pursuant to Findings of Fact Nos. 41 and 42. Within one week after receipt of the draft issuance advice letter, the Commission, acting directly or through its designated representative or the Commission Financial Advisor, may provide APCo any comments and recommendations regarding the adequacy of the information provided. The Commission, acting directly or through its designated representative or the Commission Financial Advisor, may agree to waive the proscribed time period for the submission and review of the draft issuance advice letter and any failure to provide written comments to the draft issuance advice letter within the proscribed time period will conclusively evidence a waiver of any objections.

Final Issuance Advice Letter. Not later than the end of the first business day after the pricing of the consumer rate relief bonds, APCo shall file with the Commission and submit to the Commission Financial Advisor an issuance advice letter in substantially the form attached as Appendix B to this Financing Order. As part of the Issuance Advice Letter Procedure, APCo shall provide a certification worded consistently with the statement in the form attached hereto as Appendix B. The final issuance advice letter shall be completed, shall evidence the actual dollar amount of the initial consumer rate relief charges and other information specific to the consumer rate relief bonds to be issued, and shall certify to the Commission that the structure and pricing of the bond issuance satisfies the Lowest Cost Objective. In addition, if additional credit enhancements or arrangements to reduce credit risks or enhance marketability are used, the issuance advice letter shall include certification that such additional credit enhancements or other arrangements provide benefits greater than their costs and such costs are reflected in the issuance advice letter.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 48 of 71

Evidence of Estimated Savings. As part of each submission of the draft and the final issuance advice letter, APCo shall include an updated estimate of Ongoing Financing Costs for the first twelve months following issuance, and updated calculations to demonstrate the projected net present value savings to electric utility customers from the issuance. A discount rate of 10% shall be used to calculate such savings, as agreed upon in the Securitization Joint Stipulation.

Approval to Proceed. APCo is irrevocably authorized to proceed with the issuance of the consumer rate relief bonds based upon the terms set forth in the issuance advice letter, unless, prior to noon on the fourth business day after the Commission receives the final issuance advice letter, the Commission issues a disapproval letter directing that the bonds as proposed not be issued and the basis for such disapproval. In such event, APCo may resubmit the issuance advice letter in accordance with the procedures outlined in this Financing Order, or elect to seek recovery of uncollected ENEC Amounts as previously authorized by the Commission or as otherwise authorized by the Commission in subsequent proceedings.

Initial Consumer Rate Relief Charges. If the Commission does not issue its letter of disapproval, the initial consumer rate relief charges set forth in the issuance advice letter shall become final and effective on the date of issuance of the consumer rate relief bonds (or, if later, the first day of the first billing cycle next following the date of issuance of the consumer rate relief bonds) without any further Commission action.

Future Adjustments for Upfront Financing Costs. If the actual Upfront Financing Costs are less than the estimated Upfront Financing Costs included in the principal amount securitized, those unused funds shall be deposited into the Collection Account to be available for payment of debt service on the consumer rate relief bonds, and the Periodic Billing Requirement for the first true-up adjustment of the consumer rate relief charge will be reduced by the amount of such unused funds (together with interest earned thereon through investment by the indenture trustee in eligible investments).

C. Consumer Rate Relief Charges

Imposition and Collection, Nonbypassability. APCo is authorized to impose consumer rate relief charges on, and APCo as servicer is authorized to collect from, all of APCo's existing and future electric utility customers (subject to Findings of Fact Nos. 85 and 87), in an amount sufficient to provide for the timely payment of principal of and interest on the consumer rate relief bonds and all Ongoing Financing Costs. Such charges shall be nonbypassable as provided in Findings of Fact Nos. 83 through 91.

BondCo's Rights and Remedies. Upon the transfer by APCo of the consumer rate relief property to BondCo, all of the rights, title and interest of APCo under this Financing Order shall become consumer rate relief property and BondCo shall have all of the rights, title and interest of APCo with respect to any consumer rate relief property, including, without limitation, the right to impose, charge and collect the consumer rate relief charges authorized by the Financing Order and to exercise any and all rights and remedies with respect thereto, including the right to authorize disconnection of electric service and to assess and collect any amounts payable by any customer in respect of the consumer rate relief property. The consumer rate relief property shall upon its creation constitute a present property right and interest which shall continue to exist

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 49 of 71

regardless of whether consumer rate relief charges have been billed, have accrued or have been collected and notwithstanding any requirement that the value or the amount of the property is dependent on the future provision of service to electric utility customers, and shall continue to exist until the consumer rate relief bonds and the Ongoing Financing Costs are paid in full.

Collector of Consumer Rate Relief Charges. APCo or any successor servicer of the consumer rate relief bonds shall bill a customer for the consumer rate relief charges attributable to that customer through a charge that is separate and apart from APCo's base rates, in the manner described in Applicants' testimony and the form of the CRRC Schedule.

Term of Charges. The consumer rate relief charges shall be imposed, charged and collected until the consumer rate relief bonds and the Ongoing Financing Costs have been paid in full.

Allocation. APCo shall classify and allocate the consumer rate relief charges among customer rate classes in the manner reflected in Appendix D and described in Finding of Fact No. 94, subject to adjustment through the nonstandard true-up adjustment described in Findings of Fact Nos. 108 through 111.

True-Up Adjustment Mechanism. Periodic true-up adjustments of the consumer rate relief charges shall be undertaken and conducted as described in this Financing Order as reflected in Findings of Fact Nos. 97 through 114.

Ownership Notification. APCo shall annually provide retail electric customers with the notice described in Finding of Fact No. 82.

D. Consumer Rate Relief Property

Creation of Consumer Rate Relief Property. Creation of the consumer rate relief property is conditioned upon, and shall be simultaneous with, the sale or other transfer of the consumer rate relief property to BondCo and the pledge by BondCo of the consumer rate relief property to secure consumer rate relief bonds.

E. Consumer Rate Relief Bonds

Issuance. BondCo is authorized to issue consumer rate relief bonds as specified in this Financing Order.

Collateral. All consumer rate relief property and other collateral shall be held and administered by the indenture trustee pursuant to the indenture as described in Findings of Fact Nos. 72 through 78.

Upfront Financing Costs. APCo may recover its Upfront Financing Costs as approved in this Financing Order and through the Issuance Advice Letter Procedure. Any over-recovery of such costs from the Securitization shall be addressed as described in this Order. For convenience purposes any of these costs may be paid by BondCo.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 50 of 71

Ongoing Financing Costs. APCo, its assignees and pledgees may recover the actual Ongoing Financing Costs through the consumer rate relief charges. Ongoing Financing Costs, other than administrative fees and the servicing fees while APCo is serving as servicer, are not fixed by this Financing Order. Ongoing Financing Costs also include a return on APCo's capital contribution as described herein. The initial amount of Ongoing Financing Costs is subject to updating in the issuance advice letter to reflect a change in the size of the consumer rate relief bonds issuance and any decision to issue the bonds in more than one series and other information available at the time of submission of the issuance advice letter. As provided herein, a successor servicer, other than APCo or an affiliate, may collect a servicing fee up to 1.25% of the original principal balance of the consumer rate relief bonds, or such higher fee as may be approved by the Commission.

Distribution Following Repayment. Upon the full repayment of the consumer rate relief bonds authorized in this Financing Order and the discharge of the Ongoing Financing Costs, all amounts in the Collection Account, including investment earnings, shall be released by the indenture trustee to BondCo for distribution in accordance with Finding of Fact No. 124. APCo shall notify the Commission within 30 days after the date that these funds are eligible to be released of the amount of such funds available for crediting to the benefit of customers.

Funding of Capital Subaccount. The capital contribution to the Capital Subaccount shall be funded by APCo from its own capital and not from the proceeds of the sale of consumer rate relief bonds. APCo may recover, as an Ongoing Financing Cost, an annual rate of return on APCo's capital contributions into BondCo calculated at the rate equal to 5.85%. Should federal legislative requirements or SEC regulations subsequently be imposed on APCo that increase the required capital contribution, APCo may recover, also as on Ongoing Financing Cost, an annual return on the invested capital in excess of 0.5% of the original principal balance of the consumer rate relief bonds at 5.85%. The required revenue, if any, to provide an annual return on any such additional capital to the extent reflected in the Issuance Advice Letter shall be an Ongoing Financing Cost and a component of the Periodic Payment Requirement.

Overcollateralization Subaccount. APCo is granted the flexibility to fund an overcollateralization subaccount if required to achieve "AAA" or equivalent ratings on the consumer rate relief bonds. APCo's proposed use of an overcollateralization account is approved so long as APCo certifies in the issuance advice letter that the enhancements or arrangements provide benefits greater than their cost and that those costs are reflected in the issuance advice letter.

Original Issue Discount. APCo may use original issue discount in connection with the issuance and pricing of the consumer rate relief bonds, subject to the Issuance Advice Letter Procedure.

Fixed Interest Rates on Bonds. The consumer rate relief bonds shall be issued using a fixed interest rate and not a floating rate.

Life of Bonds. The latest scheduled final payment date of the consumer rate relief bonds authorized by this Financing Order shall be not later than fifteen years from the date of issuance, and the latest legal final maturity date shall not be later than eighteen years after issuance.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 51 of 71

Amortization Schedule. The Commission approves, and the consumer rate relief bonds shall be structured to provide, an overall weighted average consumer rate relief charge that is based on substantially levelized annual revenue requirements over the expected life of the consumer rate relief bonds subject to modification in accordance with the true-up adjustment mechanisms adopted in this Financing Order. The structure employing substantially levelized annual revenue requirements will allow the resulting overall weighted average consumer rate relief charges to remain level or decline over time, if billing determinants remain level or grow.

Commission Participation in Bond Issuance. The Commission, acting either directly or through its designated representative or the Commission Financial Advisor, shall have the rights specified in this Financing Order to participate fully and in advance regarding all material aspects of the structuring, pricing and marketing of the consumer rate relief bonds (and all parties shall be notified of the designated representative's role, if utilized), whether such deliberations or decisions occur before or after the filing of the first draft issuance advice letter pursuant to Finding of Fact No. 42. The Commission and the Commission Financial Advisor shall be provided timely information that is necessary for the Commission to fulfill its obligations hereunder. Subject to the review of the Commission Financial Advisor and the approval of the Commission through the Issuance Advice Letter Procedure, and subject to the Lowest Cost Objective, the Applicants shall be afforded flexibility to determine whether the consumer rate relief bonds should be sold through a public offering negotiated with one or more underwriters, through a direct sale of securities to investors via a Rule 144A private placement, or through a competitive sale by auction.

Use of BondCo. APCo shall use BondCo, a special purpose funding entity as proposed in the Application, in conjunction with the issuance of consumer rate relief bonds authorized under this Financing Order. BondCo shall be funded with an amount of capital that is sufficient for BondCo to assure that the consumer rate relief bonds will be treated as a borrowing of APCo and as debt for federal income tax purposes. APCo shall contribute capital to BondCo and shall be entitled to a return on such investment as provided above.

F. Servicing

Servicing Agreement. The Commission authorizes APCo to enter into the Servicing Agreement containing the provisions generally described in Findings of Fact Nos. 62 through 67 and to perform the servicing duties approved in this Financing Order. The servicer shall be entitled to collect servicing fees in accordance with the provisions of the Servicing Agreement. The annual servicing fee payable to APCo while APCo or any affiliate is serving as servicer shall be 0.05% of the original principal balance of the consumer rate relief bonds, plus out-of-pocket costs including, but not limited to, legal and accounting costs. The annual servicing fee payable to any servicer not affiliated with APCo shall not at any time exceed 1.25% of the original principal balance of the consumer rate relief bonds unless such higher rate is approved by the Commission. The indemnity provided by APCo under the Servicing Agreement will be enforced by the Commission but will not be enforceable by any retail consumer.

Administration Agreement. The Commission authorizes APCo to enter into an administration agreement with BondCo as described in the Applicants' testimony. The fee

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 52 of 71

charged by APCo as administrator under that agreement shall be \$100,000 per annum plus out-of-pocket third party costs.

Servicing and Administration Agreement Revenues. The servicing and administrative fees collected by APCo, or any affiliate of APCo, acting as either the servicer or the administrator under the Servicing Agreement or administration agreement, respectively, shall be included as a revenue credit and reduce revenue requirements in APCo's base rate case. The expenses incurred by APCo or such affiliate to perform obligations under the Servicing Agreement and the administration agreement shall likewise be included as a cost of service in APCo's base rate case.

Replacement of APCo as Servicer. Upon the occurrence of an event of default under the Servicing Agreement relating to servicer's performance of its servicing functions with respect to the consumer rate relief charges, the parties specified in the Servicing Agreement may replace APCo as the servicer in accordance with the terms of the Servicing Agreement. If the servicing fee of the replacement servicer will exceed the applicable maximum servicing fee specified herein, the appointment of such replacement servicer shall not be effective until (i) the date the Commission approves the appointment of such replacement servicer or (ii) if the Commission does not act to either approve or disapprove the appointment, the date which is 45 days after notice of appointment of the replacement servicer is provided to the Commission. No entity may replace APCo as the servicer in any of its servicing functions with respect to the consumer rate relief charges and the consumer rate relief property authorized by this Financing Order, if the replacement would cause any of the then-current credit ratings of the consumer rate relief bonds to be suspended, withdrawn or downgraded.

Default by Servicer. In the event of a default by the Servicer in remittance of the consumer rate relief charges collected by it, the Commission shall, in accordance with <u>W.Va.</u> <u>Code</u> §24-2-4f and upon application by (i) the holders of the consumer rate relief bonds or the indenture trustee, as beneficiary of any statutory lien provided by <u>W.Va.</u> <u>Code</u> §24-2-4f, (ii) BondCo or its assignees, or (iii) any pledgee or transferee of the consumer rate relief property, order the sequestration and payment to or for the benefit of BondCo or such other party of the revenues arising with respect to the consumer rate relief property.

Amendment of Agreements. The parties to the Servicing Agreement, administration agreement, indenture and consumer rate relief property purchase and sale agreement may amend the terms of such agreements; provided, however, that no amendment to any such agreement shall increase the Ongoing Financing Costs without the approval of the Commission. Any amendment that does not increase the Ongoing Financing Costs shall be effective without prior Commission authorization. Any amendment to any such agreement that may have the effect of increasing Ongoing Financing Costs shall be provided by BondCo to the Commission along with a statement as to the possible effect of the amendment on the Ongoing Financing Costs. The amendment shall become effective on the later of (i) the date proposed by the parties to the amendment or (ii) 31 days after such submission to the Commission unless the Commission issues an order disapproving the amendment within a 30-day period.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 53 of 71

Remittance Terms. The servicer shall remit collections of the consumer rate relief charges to the indenture trustee for BondCo's account in accordance with the terms of the Servicing Agreement.

G. Structure of the Securitization

Structure. The Applicants shall structure the Securitization as proposed in the Application and as modified by the Securitization Joint Stipulation, including that they shall attempt to achieve a bond structure that results in substantially level annual debt service and revenue requirements over the life of the consumer rate relief bonds.

H. Use of Proceeds

Use of Proceeds. Upon the issuance of consumer rate relief bonds, BondCo shall pay the proceeds from the sale of the consumer rate relief bonds (after payment of Upfront Financing Costs) to APCo for the purchase price of the consumer rate relief property. APCo shall apply these net proceeds to redeem, repay, or retire a portion of its existing long-term and/or short-term debt and/or equity.

Report on Use of Proceeds. The Applicants shall file with the Commission a report showing the receipt and disbursement of proceeds of consumer rate relief bonds, which report shall, if incomplete, be updated periodically until such time as all proceeds have been so accounted for.

I. Miscellaneous Provisions

Continuing Issuance Right. APCo has the continuing irrevocable right to cause the issuance of consumer rate relief bonds, in one or more issuances, and consisting of one or more series and tranches, in accordance with this Financing Order.

Internal Revenue Service Private Letter or Other Rulings. APCo is not required by this Financing Order to obtain a ruling from the IRS; however, if it elects to do so, then upon receipt, APCo shall promptly deliver to the Commission a copy of each private letter or other ruling issued by the IRS with respect to the proposed transaction, the consumer rate relief bonds or any other matter related thereto. APCo may cause consumer rate relief bonds to be issued without a private letter ruling if it obtains an opinion of tax counsel sufficient to support the issuance of the bonds.

Binding on Successors. This Financing Order, together with the obligation to provide service and to collect and account for consumer rate relief charges authorized herein, shall be binding on APCo and any successor to APCo, including any successor by merger. Any such successor shall be bound by the requirements of W.Va. Code §24-2-4f(1)(2) and W.Va. Code §24-2-4f(n). Any such successor shall perform and satisfy all obligations of APCo under this Financing Order, in the same manner and to the same extent as APCo, including the obligation to collect and pay consumer rate relief charges to the person entitled to receive those revenues. Such successor shall also have the same rights as APCo under this Financing Order, in the same manner and to the same extent as are granted under this Financing order to APCo.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 54 of 71

Flexibility. Subject to compliance with the requirements of this Financing Order, APCo and BondCo shall be afforded flexibility (after consultation with the Commission, acting directly or through its designated representative or the Commission Financial Advisor) in establishing the terms and conditions of the consumer rate relief bonds, including the manner of sale, the repayment schedules, terms, payment dates, collateral, required debt service, required capital subaccount funding, required overcollateralization subaccount funding (if any), interest rates, use of original issue discount and other financing costs and the ability of APCo, at its option, to cause one or more issuances or series of consumer rate relief bonds to be issued.

Effectiveness of Order. This Financing Order is effective upon issuance. Notwithstanding the foregoing, no consumer rate relief property shall be created hereunder, and APCo shall not be authorized to impose, charge and collect consumer rate relief charges, until concurrently with the transfer of APCo's rights hereunder to BondCo in conjunction with the issuance of the consumer rate relief bonds.

Regulatory Approvals. All regulatory approvals within the jurisdiction of the Commission that are necessary for the issuance of the consumer rate relief bonds and all related transactions contemplated in the Application, are granted.

Payment of Commission's Costs for Professional Services. In accordance with <u>W.Va.</u> Code §24-2-4f(b)(11)(I), Bondco shall pay the costs to the Commission of the Commission Financial Advisor in connection with the issuance of the consumer rate relief bonds.

Effect. This Financing Order constitutes a financing order within the meaning of the Act. The Commission finds this Financing Order complies with the provisions of the Act. A financing order gives rise to rights, interests, obligations and duties as expressed in the Act. It is the Commission's express intent to give rise to those rights, interests, obligations and duties by issuing this Financing Order. APCo and any successor servicer are directed to take all actions as are required to effectuate the transactions approved in this Financing Order, subject to compliance with the criteria established in this Financing Order.

Economic Assurances Conditions Satisfied. Applicants shall comply with the economic conditions set forth in <u>W.Va. Code</u> §24-2-4f(e)(12) as discussed in Finding of Fact No. 125. Consistent with the irrevocable nature of the consumer rate relief property, however, any breach of such conditions (a) will not impair the consumer rate relief property and (b) any failure to comply with such economic conditions will not adversely affect the consumer rate relief property or the irrevocability of the this Financing Order.

Approval of Affiliated Agreements. Subject to the review of the substantially final forms of the consumer rate relief property purchase and sale agreement, the Servicing Agreement, the administration agreement and the limited liability company agreement governing BondCo (collectively the "Affiliated Agreements") and approval in accordance with the Issuance Advice Letter Procedure, the Commission consents to and approves the proposed forms of the Affiliated Agreements (as filed with the Commission on September 19, 2012) for purposes of W.Va. Code §24-2-12, subject to modification as described herein, without approving the specific terms and conditions thereof. APCo shall file the final versions of the Affiliated

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 55 of 71

Agreements, reflecting final pricing terms, with the Commission not later than thirty (30) days after the date of delivery of the consumer rate relief bonds.

Further Commission Action. This Financing Order shall be irrevocable and the Commission shall not reduce, impair, postpone, terminate or otherwise adjust the consumer rate relief charges approved in this Financing Order or impair the consumer rate relief property or the collection of consumer rate relief charges or the recovery of the Total Stipulation Securitization Amount (including Upfront Financing Costs) and Ongoing Financing Costs. No adjustment through the true-up adjustment mechanism shall affect the irrevocability of this Financing Order. The Commission guarantees that it will act pursuant to this Financing Order to ensure that expected consumer rate relief charges are sufficient to pay on a timely basis scheduled principal of and interest on the consumer rate relief bonds issued pursuant to this Financing Order and the Ongoing Financing Costs in connection with the consumer rate relief bonds.

All Other Motions Denied. All motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief not expressly granted herein, are denied for want of merit.

IT IS FURTHER ORDERED that the Commission Executive Secretary serve a copy of this order by electronic service on all parties of record who have filed an e-service agreement, by United States First Class Mail on all parties who have not filed an e-service agreement, and on Staff by hand delivery.

A True Copy, Teste:

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Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 56 of 71

Appendix A Financing Order Page 1 of 2

ESTIMATED UPFRONT FINANCING COSTS

Underwriters' Fees	\$
APCo's/BondCo Counsel and Underwriters' Counsel Legal Fees &	\$
Expenses	
Rating Agencies' Fees	\$
APCo's Financial Advisor Fees & Expenses	\$
Commission Financial Advisor Fees & Expenses	\$
SEC Registration Fee	\$
Printing/Edgarizing Expenses	\$
Miscellaneous Administrative Costs, including Original Issue Discount	
& Underwriters' Out-of-Pocket Expenses	\$
Accountant's Fees	\$
Servicer's Set-Up Costs	\$
Trustee's/Trustee Counsel's Fees & Expenses	\$
BondCo Set-Up Costs	\$
TOTAL ESTIMATED UPFRONT FINANCING COSTS	
SECURITIZED*	\$

^{*} Although the actual estimate is set forth above, pursuant to the Financing Order the maximum allowable Upfront Financing Costs to be included in the Securitization is equal to sum of (1) the fees charged and costs incurred by the Commission Financial Advisor and (2) the lesser of \$5,750,000 or the actual aggregate amount of the other Upfront Financing Costs (i.e., other than the fees and costs of the Commission Financial Advisor) actually incurred by the Applicants.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 57 of 71

Appendix A Financing Order Page 2 of 2

ESTIMATED ONGOING FINANCING COSTS

	ANNUAL AMOUNT
Ongoing Servicer Fees (APCo or affiliate as servicer)	\$
Administration Fees	\$
Accountant's Fees	\$
Legal Fees/Expenses for Applicants'/BondCo's Counsel	\$
Trustee's/Trustee Counsel Fees & Expenses	\$
Independent Managers' Fees	\$
Rating Agency Fees	\$
Printing/Edgarization Expenses	\$
Return on Capital Contribution at 5.85% per annum	\$
Miscellaneous	\$
TOTAL (APCO AS SERVICER) PROJECTED	\$
ANNUAL ONGOING QUALIFIED COSTS	
Ongoing Servicer Fees (Third Party as Servicer – 1.25% of	\$
original principal balance)	
Other Servicing Fees	\$
TOTAL (THIRD PARTY AS SERVICER)	\$
PROJECTED ONGOING FINANCING COSTS	

Note: The amounts shown for each category of operating expense on this attachment are the expected expenses for the first twelve months of the consumer rate relief bonds. Consumer rate relief charges will be adjusted at least annually to reflect any changes in Ongoing Financing Costs through the true-up process described in the Financing Order.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 58 of 71

Appendix B Financing Order Page 1 of 9

FORM OF ISSUANCE ADVICE LETTER

	day,, 20
PUBLIC S	ERVICE COMMISSION OF WEST VIRGINIA
SUBJECT	: ISSUANCE ADVICE LETTER FOR CONSUMER RATE RELIEF BONDS
and appro <u>W.Va. Coa</u> 1188-E-PC submits th consumer the letter shall the Finance Consumer unless, pri	resuant to the Financing Order dated, 2013 and adopted in <i>Petition for consent</i> val of application to securitize uncollected expanded net energy costs pursuant to be \$24-2-4f and affiliated agreements pursuant to w.Va. Code \$24-2-12, Case No. 12-20 (the "Financing Order"), APPALACHIAN POWER COMPANY ("APCo") hereby the information referenced below. This Issuance Advice Letter is for the [BondCo] rate relief bonds series [], tranches []. Any capitalized terms not defined in this have the meanings ascribed to them in the Financing Order. Pursuant to the Act and being Order, APCo is irrevocably authorized to proceed with the issuance of the Rate Relief Bonds based upon the terms set forth in this final Issuance Advice Letter, or to noon on [date], the Commission issues a disapproval letter directing that the proposed not be issued and the basis for such disapproval.
PURPOSE	
This filing	provides the following information:
PART I	The Fixed Stipulation Securitization Amount and Upfront Financing Costs being securitized;
PART II	The final terms and structure of the consumer rate relief bonds issued;
PART III	An updated Schedule of the Upfront Financing Costs and Ongoing Financing Costs
PART IV	,
PART V.	Savings Calculation (for informational purposes only).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 59 of 71

Appendix B Financing Order Page 2 of 9

PART I: CALCULATION OF SECURITIZED CONSUMER RATE RELIEF COSTS AND UPFRONT FINANCING COSTS

Fixed Stipulation Securitization Amount	\$
Estimated Upfront Financing Costs (See Part III)*	\$
TOTAL SECURITIZED CONSUMER RATE RELIEF COSTS	\$
AND UPFRONT FINANCING COSTS	

^{*} Although the actual estimate is set forth above, pursuant to the Financing Order the maximum allowable Upfront Financing Costs to be included in the Securitization is equal to sum of (1) the fees charged and costs incurred by the Commission Financial Advisor and (2) the lesser of \$5,750,000 or the actual aggregate amount of the other Upfront Financing Costs (i.e., other than the fees and costs of the Commission Financial Advisor) actually incurred by the Applicants.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 60 of 71

Appendix B Financing Order Page 3 of 9

PART II: FINAL TERMS AND STRUCTURE OF CONSUMER RATE RELIEF BONDS

Consumer Rate Relief E Consumer Rate Relief E		-	
Trustee:			
Issuance Date:	, 20		
Bond Ratings: Aaa, AA	AA, [Insert names of fina	al Rating Agencies]	
Amount Issued: \$			
Upfront Financing Cost	ts \$ (See Part	III);	
		Expected	Legal
Tranche	Coupon Rate	Final Maturity	Final Maturity
A-1	%	_/_/	_/_/
A-2	%		//
Effective Weighted Ave	erage Interest Rate of		
the consumer rate relief	`bonds:	%	
Life of the Series:		years	
Weighted Average Life of Series:		years	
Call provisions (includi			
Target Amortization Schedule:		Attachment 1, Schedule A	
Target Final Maturity Dates:		Attachment 1, Schedule A	
Legal Final Maturity Dates:		Attachment 1, Schedule A	
Payments to Investors:		Semiannually Beginning	, 20

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 61 of 71

Appendix B Financing Order Page 4 of 9

PART III: ESTIMATED UPFRONT FINANCING COSTS

Underwriters' Fees	\$
APCo's/BondCo Counsel and Underwriters' Counsel Legal Fees &	\$
Expenses	
Rating Agencies' Fees	\$
APCo's Financial Advisor Fees & Expenses	\$
Commission Financial Advisor Fees & Expenses	
SEC Registration Fee	\$
Printing/Edgarizing Expenses	\$
Miscellaneous Administrative Costs, including Original Issue Discount	
& Underwriters' Out-of-Pocket Expenses	\$
Accountant's Fees	\$
Servicer's Set-Up Costs	\$
Trustee's/Trustee Counsel's Fees & Expenses	\$
BondCo Set-Up Costs	\$
TOTAL ESTIMATED UPFRONT FINANCING COSTS	
SECURITIZED*	\$

^{*} Although the actual estimate is set forth above, pursuant to the Financing Order the maximum allowable Upfront Financing Costs to be included in the Securitization is equal to sum of (1) the fees charged and costs incurred by the Commission Financial Advisor and (2) the lesser of \$5,750,000 or the actual aggregate amount of the other Upfront Financing Costs (i.e., other than the fees and costs of the Commission Financial Advisor) actually incurred by the Applicants.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 62 of 71

Appendix B Financing Order Page 5 of 9

ESTIMATED ONGOING FINANCING COSTS

	ANNUAL AMOUNT
Ongoing Servicer Fees (APCo or affiliate as servicer)	\$
Administration Fees	\$
Accountant's Fees	\$
Legal Fees/Expenses for Applicants'/BondCo's Counsel	\$
Trustee's/Trustee Counsel Fees & Expenses	\$
Independent Managers' Fees	\$
Rating Agency Fees	\$
Printing/Edgarization Expenses	\$
Return on Capital Contribution at 5.85% per annum	\$
Miscellaneous	\$
TOTAL (APCO AS SERVICER) PROJECTED	\$
ANNUAL ONGOING QUALIFIED COSTS	
Ongoing Servicer Fees (Third Party as Servicer – 1.25% of	\$
original principal balance)	
Other Servicing Fees	\$
TOTAL (THIRD PARTY AS SERVICER)	\$
PROJECTED ONGOING FINANCING COSTS	

Note: The amounts shown for each category of operating expense on this attachment are the expected expenses for the first twelve months of the consumer rate relief bonds. Consumer rate relief charges will be adjusted at least annually to reflect any changes in Ongoing Financing Costs through the true-up process described in the Financing Order.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 63 of 71

Appendix B Financing Order Page 6 of 9

PART IV: INITIAL CONSUMER RATE RELIEF CHARGES

Monthly billings to APCo's retail customers will include consumer rate relief charge amounts pursuant to the following rates applied to billed kilowatt-hours and, as applicable, kilowatts, whether metered or unmetered (excluding electric energy that is both produced and consumed by a self-generating customer behind the meter calculating that customer's usage):

TABLE IV			
Rate Class	Initial Consumer Rate Relief Charge Rate		

The workpapers for such calculations are attached as Attachment 2.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 64 of 71

Appendix B Financing Order Page 7 of 9

PART V:

ESTIMATED SAVINGS

Estimated savings for customers (calculated at an assumed discount rate of 10%) are shown on the workpapers included as Attachment 3.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 65 of 71

Appendix B Financing Order Page 8 of 9

CERTIFICATION

APCo hereby certifies the following:

- 1. Based upon information known or reasonably available to APCo, its officers, agents and employees, the structuring and pricing of the Consumer Rate Relief Bonds and the imposition of the proposed consumer rate relief charges are just and reasonable, and are reasonably expected to achieve the lowest reasonably attainable cost in order to produce cost savings to APCo's customers and to mitigate rate impact on APCo's customers, as compared to traditional financing mechanisms or traditional cost recovery methods available to APCo.
- 2. [If additional credit enhancements or arrangements to enhance marketablility are used, APCo to add certification that such enhancements are expected to provide benefits in excess of their cost as provided in Finding of Fact No. 58 of the Financing Order.]

NOTICE

This letter is submitted for informational purposes only.

AUTHORIZED OFFICER

This undersigned is an officer of APCo and is authorized to deliver this Issuance Advice Letter on behalf of APCo.

Respectfully submitted,

APPALACHIAN POWER COMPANY, doing business as AMERICAN ELECTRIC POWER

By:	 	
Name:	 	
Title:		

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 66 of 71

Appendix B Financing Order Page 9 of 9

ATTACHMENT 1 SCHEDULE A CONSUMER RATE RELIEF BOND REVENUE REQUIREMENT INFORMATION

SERIES, TRANCHE					
Payment Date		Interest S	Principal \$	Total Payment	
	¥		•	Ť	
	oediec.	TD A NCH	To-		
Payment Date		, TRANCH	r Principal	Total Payment	
1 ayment Date		\$	\$	\$	

ATTACHMENT 2 [Workpapers]

ATTACHMENT 3 [Workpapers]

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 2 Page 67 of 71

Appendix C Financing Order Page 1 of 3

FORM OF STANDARD TRUE-UP REQUEST LETTER

[date]

[uate]
[name] [Title] Public Service Commission of West Virginia [address]
Re: Consumer Rate Relief Costs Financing Order; Case No. 12-1188-E-PC
Dear []:
Pursuant to the Commission's Financing Order adopted on [], 2013, in the above-referenced matter (the "Financing Order"), Appalachian Power Company doing business as American Electric Power ("APCo"), APCo, as servicer of the consumer rate relief bonds, submits this filing for a mandatory [optional][standard] true-up adjustment to the consumer rate relief charges. Any capitalized terms not defined herein shall have the meanings ascribed thereto in the Financing Order.
APCo has calculated the true-up adjustment in accordance with the methodology and adjustment mechanism approved in the Financing Order. Attachment 1 is APCo's Rider [CRRC] Attachment A which shows the resulting values of the consumer rate relief charge rates for each rate class of customers, as calculated in accordance with such methodology and adjustment mechanism. APCo has attached its work papers showing the true-up calculation as Attachment 2.
Pursuant to the Financing Order, the consumer rate relief charge rates shall go into effect on [insert date which is no earlier than 15 days subsequent to date of submission], which is the first day of the billing cycle of, The Commission will have 15 days after the filing date in which to confirm the mathematical accuracy of the true-up adjustment to the consumer rate relief charges. Any mathematical correction to the true-up adjustment will be made in the next true-up adjustment filing and will not delay the effectiveness of the consumer rate relief charges requested herein on the effective date set forth in this request.
Respectfully submitted, APPALACHIAN POWER COMPANY, doing business as AMERICAN ELECTRIC POWER
By: Name: Title:

Attachments

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 68 of 71

Appendix C Financing Order Page 2 of 3

ATTACHMENT 1

Monthly billings to APCo's retail customers shall include consumer rate relief charge amounts pursuant to the following rates applied to billed kilowatt-hours and, as applicable, kilowatts, whether metered or unmetered (excluding electric energy that is both produced and consumed by a self-generating customer behind the meter calculating that customer's usage):

Revenue Group	CRR Rate Class	Corresponding Tariff Class	CRR Rate (¢/kWh)/(\$/kW)
Residential	Residential	Residential	
Commercial	Secondary	SWS, SGS, SS Secondary and GS Secondary	
	Primary	SS & GS Primary	
	Subtransmission	GS - Subtransmission	
	Special Contract C	Special Contract C	
	Athletic Fields	SS –AF & GS – AF	
	OL & SL	OL & SL	
Industrial	Secondary	LCP & IP Secondary	
	Primary	LCP & IP Primary	
	Subtransmission	LCP & IP Subtransmission	
	Transmission	LCP & IP Transmission; , Special Contract K	
	Special Contract A	Special Contract A	
	Special Contract B	Special Contract B	
	Special Contract D	Special Contract D	
	Special Contract I	Special Contract I	

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 69 of 71

Appendix C Financing Order Page 3 of 3

> ATTACHMENT 2 WORKPAPERS

 C_3

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 70 of 71

Appendix D Financing Order Page 1 of 2

SUMMARY OF SECURITIZED CONSUMER RATE RELIEF CUSTOMER RATE CLASS AND REVENUE GROUP ALLOCATIONS CASE NO. 12-1188-E-PC

See Attached.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 2
Page 71 of 71

Appendix D Financing Order Page 2 of 2

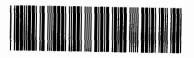
Existing Tariff Classes	ID	Existing Tariff Class Allocation Percentage Before Upfront Financing Costs ***	CRR Rate Classes	TariffID	Total CRR Rate Class Allocation Perccentage Before Upfront Financing Costs ***	Total CRRC Allocation Percentage After Upfront Financing Cost ***	
RS	(a)	38.65%	CRR Residential	(a)	38.65%	38.68%	
100	(u)	30.0370	Order residential	(4)		19.0070	
SWS	(b)	0.48%	CRR Commercial - Secondary	(b) (c) (d) (g) (h) (j)	20.63%	20.62%	
SGS	(c)	1.57%					
SS			CRR Commercial - Primary	(e) (k) (i)	2.00%	2.00%	
-SEC	(d)	2.11%		.,,,,,			
-PRI	(e)	0.39%					
-AF	(f)	0.03%	CRR Commercial - Subtrans	(1)	0.14%	0.14%	
GS:TOD			1		· ·		
-SEC ON-PEAK	(g)	0.07%					
-SEC OFF-PEAK	(h)	0.05%	CRR Commercial - Trans	(m)	0.00%	0.00%	
GS:TOD- PRI*	(i)	0.00%	1	(-/			
GS TSS TAG	1 (-/	0.0070					
-SEC	(i)	16.35%	CRR Commercial - Spec Contract	(o)	0.00%	0.00%	
-PRI	(k)	1.61%	•	. ,			
-SUBTRANS	(1)	0.14%					
-TRANS	(m)	0.00%	CRR Commercial - Athletic Field	(f) (n)	0.04%	0.03%	
-AF	(n)	0.01%		.,,,,			
OL	(p)	0.32%					
SL	(g)	0.12%	CRR Commercial - Outdoor Lighting	(p) (q)	0.44%	0.44%	
SPECIAL CONTRACT C	(0)	0.00%	Crac Conzultonia Canadon Enganing	(F) (1)			
BI ECIAL CONTRACT C	(0)	0.0070		-			
LCP / IP							
-SEC	(r)	1.57%	CRR Industrial - Secondary	(r)	1.57%	1.56%	
-PRI	(s)	10.29%	CRR Industrial - Primary	(s)	10.29%	10.27%	
-SUBTRANS	(t)	11.89%	CRR Industrial - Subtransmission	(t)	11.89%	11.89%	
-TRANS	(u)	8.16%	CRR Industrial - Transmission	(u)	8.16%	8.16%	
SPECIAL CONTRACT A	(v)	2.47%	CRR Industrial - Special Contract A	(v)	2.47%	2.47%	
SPECIAL CONTRACT B	(w)	2.12%	CRR Industrial - Special Contract B	(w)	2.12%	2.13%	
SPECIAL CONTRACT D	(x)	0.56%	CRR Industrial - Special Contract D	(x)	0.56%	0.57%	
SPECIAL CONTRACT H	(y)	0.00%	CRR Industrial - Special Contract H	(y)	0.00%	0.00%	
SPECIAL CONTRACT I	(z)	1.04%	CRR Industrial - Special Contract I	(z)	1.04%	1.04%	
SPECIAL CONTRACT K**			CRR Industrial - Special Contract K **				
TOTALS		100.00%			100.00%	100.00%	

^{*} At the time of the filing in this proceeding, there were no customers on the GS Primary TOD tariff.

^{**} For purposes of this allocation schedule, Special Contract K is included in LCP/IP Transmission

^{***} The existing tariff class allocation factors and first column of CRR Rate Class allocation factors do not include the up-front financing costs that will be allocated to each tariff class. The up-front financing costs will be functionalized as 50% demand and 50% energy and allocated based on the ENEC demand and energy allocation factors. The second column of CRR Rate Class allocation factors reflects the allocation that would result if upfront financing costs equaled \$5.75 million. Acutal upfront financing costs will not be known until issuance of the final advice letter. Since changes in upfront financing costs of plus or minus \$1 million would not change the allocation factors in the final column of CRR Rate Class allocation factors, the Commissino adopts these allocation factors for determination of the final CRR Class Rates.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 1 of 127



Control Number: 49308



Item Number: 35

Addendum StartPage: 0

DOCKET NO. 49308

APPLICATION OF AEP TEXAS INC.	§	PUBLIC UTILITY COMMISSION
FOR A FINANCING ORDER	§	
	§	OF TEXAS

FINANCING ORDER

TABLE OF CONTENTS

I.	DISCUSSION AND STATUTORY OVERVIEW		5
	DESCRIPTION OF PROPOSED TRANSACTION		6.3
II.	DESCRIPTION OF PROPOSED TRANSACTION	r	13
11.	DESCRIPTION OF TROPOSED TRANSPORTION		
T T T	EDIDDICC OF FACT		10
III.	FINDINGS OF FACT		
Α.	Identification and Procedure		19
	Identification of Applicant and Background		7 19
2.	Procedural History		€ 20
3.	Notice of Application	-	21
٥.			2 x
B.	Qualified Costs and Amount to be Securitized		21
1.	Identification		
2.	Accumulated Deferred Federal Income Tax Benefits		23
3.	Balance to be Securitized.		23
4.	Issuance Advice Letter		25
5.	Tangible and Quantifiable Benefit		26
6.	Present Value Cap		27
7.	Total Amount of Revenue to be Recovered		28
C.	Structure of the Proposed Securitization		20
C. 1.	BondCo		
2.	Credit Enhancement and Arrangements to Enhance Marketability		
3.	Transition Property		
3. 4.	Servicer and the Servicing Agreement		
5.	Retail Electric Providers		
6.	System Restoration Bonds		
7.	Security for System Restoration Bonds		
8.	General Provisions		
9.	System Restoration Charges—Imposition and Collection, Nonbypassability, ar		
٠.	Self-Generation Self-Generatio		47
10	. Allocation of Qualified Costs Among Texas Retail Customers		
	True-Up of System Restoration Charges		
	. Interim True-Up		
	·		



Docket No. 49308		Table of Contents	Page 2 of 2	
14 15	. Additio . Designa	andard True-Up	54 55	
D.	Use of I	Proceeds	58	
E.	Informa	l Disposition	58	
IV.	CONCI	USIONS OF LAW	59	
V.	ORDEF	RING PARAGRAPHS	67	
A.	Approv	al	67	
B.	System	Restoration Charges	70	
C.	System	Restoration Bonds	72	
D.	Servicin	ıg	77	
E.	Retail E	lectric Providers	80	
F.	Structur	e of the Securitization	82	
G.	Use of I	Proceeds	82	
H.	Miscella	aneous Provisions	82	
Appe	ndix A	Form of Issuance Advice Letter		
Appe	ndix B	Form of Tariff (Schedule SRC and Rider SRC)		
Appe	ndix C	Projected Up-Front and Ongoing Qualified Costs		
Appe	ndix D	ADFIT Credit Tariff		
Appe	ndix E	Billing Thresholds to Determine Whether a Non-Standard True-up	o is Triggered	

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 4 of 127

DOCKET NO. 49308

APPLICATION OF AEP TEXAS INC. \$ PUBLIC UTILITY COMMISSION FOR A FINANCING ORDER \$ OF TEXAS

PROPOSED FINANCING ORDER

This Financing Order addresses the application of AEP Texas Inc. (AEP Texas) under PURA¹ chapter 36, subchapter I² and chapter 39, subchapter G³ (1) to securitize the balance of distribution-related system restoration costs and carrying costs as determined by the order in Docket No. 48577,4 (i) net of all insurance proceeds, government grants, and other sources of funding as determined in Docket No. 48577 that compensate AEP Texas for the distribution-related system restoration costs received by AEP Texas at the time of the application for this Financing Order, and (ii) a further offset utilizing certain prescribed excess unprotected accumulated deferred federal income taxes (ADFIT), all as determined in Docket No. 48577 (such balance, the securitizable balance); (2) to securitize certain other up-front qualified costs incurred in connection with such securitization as further defined and described below; (3) for approval of the proposed securitization financing structure and issuance of system restoration bonds; (4) for approval of system restoration charges sufficient to recover principal of and interest on the system restoration bonds plus ongoing qualified costs to be imposed on all existing and future retail customers located within the portion of AEP Texas's service area that was formerly serviced by AEP Texas's predecessor-in-interest, AEP Texas Central Company, (referred to as the AEP Texas central division); (5) for approval of a tariff to implement such system restoration charges; and (6) for approval of an ADFIT-credit tariff to provide to customers the benefits of ADFIT associated with the system restoration costs.

On March 8, 2019, AEP Texas submitted an application for a financing order to securitize the securitizable balance, plus certain other up-front qualified costs associated with the proposed

¹ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016 (PURA).

² PURA §§ 36.401-.406.

³ PURA §§ 39.301–.313.

⁴ Application of AEP Texas Inc. for Determination of System Restoration Costs, Docket No. 48577, Order (Feb. 28, 2019).

Docket No. 49308 Financing Order Page 2 of 86

securitization. On May 9, 2019, AEP Texas and Commission Staff submitted a settlement agreement that resolves certain issues between the parties to this proceeding. As discussed in this Financing Order, the Commission finds that AEP Texas's application for approval of the securitization transaction should be approved, as modified by the settlement agreement, to the extent provided in this Financing Order. The Commission also finds that the securitization approved in this Financing Order meets all applicable requirements of PURA.

In accordance with the terms of this Financing Order, the Commission (1) approves the securitization of the sum of (i) the securitizable balance, plus (ii) up-front qualified costs as described in ordering paragraph number two; (2) approves the structure of the proposed securitization financing and issuance of system restoration bonds in one or more series; (3) approves system restoration charges in an amount to be calculated as provided in this Financing Order; (4) approves the form of tariff as provided in this Financing Order to implement those system restoration charges and the form of the ADFIT credit tariff to implement the ADFIT credit; and (5) finds that the potential benefits of (a) floating-rate notes and interest-rate swaps within the bond structure, (b) the issuance of system restoration bonds denominated in foreign currencies, and (c) the use of interest-rate hedges will not outweigh the incremental risk to customers; therefore, the Commission concludes that floating-rate notes and interest-rate swaps should not be utilized within the system restoration bond structure and that AEP Texas should not be authorized to issue system restoration bonds denominated in a foreign currency, or which bear interest at a floating rate, or use interest-rate hedges. In addition, the Commission designates its representative to act in the manner provided for under the terms of this Financing Order.

To approve the securitization of the system restoration costs, the Commission must consider whether the proposed securitization meets the financial tests set forth in PURA chapter 36, subchapter I and chapter 39, subchapter G. The three financial tests require that (1) the total revenues collected under this Financing Order are less than the revenues collected using conventional financing methods (total revenues test),⁵ (2) the securitization of the system restoration costs provides greater tangible and quantifiable benefits to ratepayers than would have been achieved without the issuance of the system restoration bonds (tangible and quantifiable

⁵ PURA § 39.303(a).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 6 of 127

Docket No. 49308 Financing Order Page 3 of 86

benefits test),⁶ and (3) the amount securitized does not exceed the present value of the revenue requirement over the life of the proposed system restoration bonds associated with the system restoration costs sought to be securitized (present value test).⁷

AEP Texas submitted evidence demonstrating that the proposed securitization will meet each of the financial tests set forth in PURA chapter 36, subchapter I and PURA chapter 39, subchapter G. All of the calculations performed by AEP Texas demonstrated that the transaction would pass these tests. Considering the magnitude of the margin by which the proposed securitization passes the various tests, the Commission declines to determine a particular number for each benefit conferred by the securitization. Accordingly, in quantifying the benefit to ratepayers as a result of this securitization, the Commission refers to the ranges of benefits calculated under AEP Texas's expected-case scenario, in which the system restoration bonds bear a 3.48% weighted-average interest rate, and a worst-case scenario, in which the bonds are subject to a 6.00% weighted-average interest rate.

AEP Texas's evidence shows that as a result of the securitization approved by this Financing Order, ratepayers in the AEP Texas central division's service area (which are the sole ratepayers of AEP Texas responsible for paying system restoration charges) will realize benefits. Based on the amount that AEP Texas seeks to securitize, AEP Texas's financial analysis indicated that such ratepayers will realize benefits estimated to be approximately \$19.7 million on a present value basis in the worst-case scenario, or approximately \$19.9 million considering the adjustment to the cap on qualified costs included in the settlement agreement. At the expected weighted-average interest rate of 3.48%, securitization confers benefits of approximately \$52.4 million on a present-value basis, or approximately \$52.6 million considering the adjustment to the cap on qualified costs included in the settlement agreement. In addition, under the worst-case scenario, the securitization will result in a reduction in the amount of revenues collected by AEP Texas from retail customers in AEP Texas's central division of approximately \$26.8 million, on a nominal basis, or approximately \$27.1 million considering the adjustment to the cap on qualified costs included in the settlement agreement, when compared to the amount that would have been collected under conventional financing methods that would otherwise be used to recover the costs.

⁶ PURA §§ 39.301 and 36.401(b)(2).

⁷ PURA § 39.301.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 7 of 127

Docket No. 49308 Financing Order Page 4 of 86

In the expected case, the securitization will result in a reduction in the amount of revenues collected by AEP Texas's central division of approximately \$62.9 million, on a nominal basis, or approximately \$63.2 million, considering the adjustment to the cap on qualified costs included in the settlement agreement.⁸ Accordingly, the Commission concludes that the benefits for ratepayers set forth in AEP Texas's evidence are fully indicative of the benefits that ratepayers will realize from the securitization approved here. Also, in the issuance advice letter, AEP Texas will be required to update the benefit analyses to verify that the final structure of the securitization satisfies the statutory financial tests.

AEP Texas provided a general description of the proposed transaction structure in its application and in the evidence submitted in support of its application. The proposed transaction structure does not contain every relevant detail and, in certain places, uses only approximations of certain costs and requirements. The final transaction structure will depend, in part, upon the requirements of the nationally-recognized credit rating agencies which will rate the system restoration bonds and, in part, upon the market conditions that exist at the time the system restoration bonds are taken to the market.

While the Commission recognizes the need for some degree of flexibility with regard to the final details of the securitization transaction approved in this Financing Order, its primary focus is upon the statutory requirements—the most important of which is to ensure that securitization results in tangible and quantifiable benefits to ratepayers—that must be met before issuing a financing order.

In view of these obligations, the Commission has established certain criteria in this Financing Order that must be met in order for the approvals and authorizations granted in this Financing Order to become effective. This Financing Order grants authority to issue system restoration bonds and to impose, collect, and receive system restoration charges only if the final structure of the securitization transaction complies in all material respects with these criteria. The authority and approval granted in this Financing Order is effective as to each issuance upon, but only upon, AEP Texas filing with the Commission an issuance advice letter demonstrating compliance of that issuance with the provisions of this Financing Order. If market conditions

⁸ See Direct Testimony of Randall W. Hamlett at 12.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 8 of 127

Docket No. 49308 Financing Order Page 5 of 86

make it desirable to issue the system restoration bonds in more than one series, then the authority and approval in this Financing Order is effective as to each issuance, but only upon AEP Texas filing with the Commission a separate issuance advice letter for that issuance demonstrating compliance with the provisions of this Financing Order.

I. Discussion and Statutory Overview

The Texas Legislature amended PURA in 2009 to permit electric utilities to use securitization financing to recover costs of restoring service and infrastructure associated with electric power outages as a result of hurricanes and other weather-related events or natural disasters that occurred in 2008 or later. The Legislature provided this option for recovering qualified costs based on the conclusion that securitized financing will lower the carrying costs associated with recovery of these costs relative to the costs that would be incurred using conventional utility financing methods. 10 As a precondition to the use of securitization, the Legislature required that the Commission must ensure that the securitization will provide greater tangible and quantifiable benefits to ratepayers than would have been achieved without issuance of the system restoration bonds. 11 Consequently, a basic purpose of securitization financing—the recovery of an electric utility's qualified costs—is conditioned upon the other basic purpose—providing economic benefits to electricity ratepayers in this state. The provisions for securitization of system restoration costs were based on and incorporate relevant terms of the provisions in chapter 39, subchapter G of PURA for securitization of transition costs adopted by the Texas Legislature in 1999, which have been used by AEP Texas and other electric utilities to reduce the costs of recovering costs associated with the transition to competition.¹²

Under chapter 36, subchapter I of PURA, the qualified costs eligible for securitization by AEP Texas include (1) the distribution-related system restoration costs as determined by the Commission in Docket No. 48577 (the proceeding to determine the amount of AEP Texas's system

⁹ PURA § 36.401(a).

¹⁰ *Id*.

¹¹ PURA § 36.401(b)(2).

¹² See, e.g., Application of CenterPoint Energy Houston Electric, LLC for Financing Order, Docket No. 30485, Financing Order (Mar. 16, 2005); Application of AEP Texas Central Company for a Financing Order, Docket No. 32475, Financing Order (June 21, 2006); Application of CenterPoint Energy Houston Electric, LLC for Financing Order, Docket No. 34448, Financing Order (Sept. 18, 2007).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 9 of 127

Docket No. 49308 Financing Order Page 6 of 86

restoration costs), net of any insurance proceeds, government grants, or other sources of funding, also as determined in Docket No. 48577, that compensate AEP Texas for system restoration costs received by AEP Texas at the time of the application for this Financing Order, and a further offset utilizing certain excess unprotected ADFIT, as prescribed in Docket No. 48577, with carrying costs on the unrecovered balance of Hurricane Harvey-related system restoration costs, calculated as approved in Docket No. 48577; (2) costs of issuing, supporting and servicing the system restoration bonds and any costs of retiring and refunding existing debt and equity securities in connection with issuance of the bonds; (3) costs to the Commission of acquiring professional services for the purposes of evaluating the proposed transaction; and (4) costs associated with ancillary agreements such as bond insurance policies, letters of credit, reserve accounts, surety bonds, swap arrangements, hedging arrangements, liquidity or credit support arrangements or other financial arrangements entered into in connection with the issuance or payment of the transition bonds.¹³ Chapter 36, subchapter I of PURA also expressly provides (i) that the term transition bonds, as defined and used in chapter 39, subchapter G of PURA, includes bonds issued under chapter 36 (which we refer to herein as system restoration bonds), 14 (ii) that the term transition charges, as defined and used in subchapter G, includes all nonbypassable amounts approved by the Commission under a financing order to recover system restoration costs, which we refer to herein as system restoration charges, 15 (iii) that the term financing order as defined and used in chapter 39, subchapter G of PURA, includes a financing order authorizing the securitization of system restoration costs, and (iv) that the provisions of chapter 39, subchapter G of PURA (i.e., the provisions with respect to the issuances of transition bonds, the imposition of transition charges, and the creation of transition property) must govern financing orders allowing for securitization of system restoration costs and all rights and interests established in such order, except to the extent that such provisions conflict with the provisions of PURA chapter 36, subchapter I, in which case the latter provisions must control. 16

¹³ PURA § 36.403(d).

¹⁴ PURA § 36.403(e).

¹⁵ PURA § 36.403(f).

¹⁶ PURA § 36.403(b).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 10 of 127

Docket No. 49308 Financing Order Page 7 of 86

To allow for securitization of an electric utility's qualified costs associated with system restoration costs, the Commission may authorize the issuance of transition bonds known as system restoration bonds. Transition bonds are generally defined as evidences of indebtedness or ownership that are issued under a financing order, are limited to a term of not longer than 15 years, and are secured by or payable from transition property, which includes all rights and interests of an electric utility under a financing order at the time such rights are transferred to an assignee or pledged in connection with the issuance of transition bonds.¹⁷ The net proceeds from the sale of system restoration bonds must be used to reduce the amount of a utility's recoverable system restoration costs.¹⁸ If system restoration bonds are approved and issued, retail customers must pay the principal, interest, and related charges of the system restoration bonds through system restoration charges.¹⁹ System restoration charges are nonbypassable charges that will be paid as a component of the monthly charge for electric service.²⁰ System restoration charges must be approved by the Commission under a financing order.²¹

The Commission may adopt a financing order only if it finds that the total amount of revenues to be collected under the financing order is less than the revenue requirement that would be recovered using conventional financing methods and that the financing order is in accordance with the standards of PURA §§ 36.401 and 39.301.²² The Commission must ensure that the net proceeds of system restoration bonds may be used only for the purpose of reducing the amount of recoverable system restoration costs.²³ In addition, the Commission must ensure that (1) securitization provides tangible and quantifiable benefits to ratepayers greater than would have been achieved absent the issuance of the system restoration bonds,²⁴ and (2) the structuring and pricing of the system restoration bonds result in the lowest system restoration bond charges

¹⁷ See PURA § 39.302(6) and 39.304.

¹⁸ See PURA § 36.401(a).

¹⁹ See PURA § 36.403(f).

²⁰ Id.

²¹ See PURA § 39.302(7).

²² See PURA §§ 36.402(a) through (c) and 36.403(d).

²³ See PURA § 36.401(a).

²⁴ See PURA § 36.401(b)(2).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 11 of 127

Docket No. 49308 Financing Order Page 8 of 86

consistent with market conditions and the terms of a financing order.²⁵ Finally, the amount securitized may not exceed the present value of the revenue requirement over the life of the proposed system restoration bonds associated with the amounts sought to be securitized, and the present value calculation must use a discount rate equal to the proposed interest rate on the system restoration bonds.²⁶ All of these statutory requirements are designed to ensure that securitization will provide real benefits to ratepayers.

The essential finding by the Commission that is needed to issue a financing order is that ratepayers will receive tangible and quantifiable benefits as a result of securitization. This finding can only be made upon a showing of economic benefits to ratepayers through an economic analysis. An economic analysis is necessary to recognize the time value of money in evaluating whether and the extent to which benefits accrue from securitization. Moreover, an economic analysis recognizes the concept that the timing of a payment can be as important as the magnitude of a payment in determining the value of the payment. Thus, an analysis showing an economic benefit is necessary to quantify a tangible benefit to ratepayers.

Economic benefits also depend upon a favorable financial market—one in which system restoration bonds may be sold at an interest rate lower than the carrying costs of the assets being securitized. The precise interest rate at which system restoration bonds can be sold in a future market, however, is not known today. Nevertheless, benefits can be calculated based upon certain known facts (e.g. the amount of assets to be securitized and the cost of the alternative to securitization) and assumptions (e.g. the interest rate of the system restoration bonds, the term of the system restoration bonds and the amount of other qualified costs). By analyzing the proposed securitization based upon those facts and assumptions, a determination can be made as to whether tangible and quantifiable benefits result. To ensure that benefits are realized, the securitization transaction must conform to the structure ordered by the Commission and an issuance advice letter must be presented to the Commission immediately before issuance of the system restoration bonds demonstrating that the actual structure and costs of the bonds will provide tangible and quantifiable benefits. The cost-benefit analysis contained in the issuance advice letter must reflect the actual structure of the system restoration bonds.

²⁵ See PURA § 39.301.

²⁶ Id.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 12 of 127

Docket No. 49308 Financing Order Page 9 of 86

AEP Texas's financial analysis shows that securitizing the amount requested by AEP Texas will produce an economic benefit to ratepayers in an amount of approximately \$52.4 million on a present value basis using the expected weighted-average interest rate of 3.48%, or approximately \$52.6 million considering the adjustment to the cap on qualified costs included in the settlement agreement.²⁷ A benefit of approximately \$19.7 million will result even if the bond market is less favorable than current market conditions and system restoration bonds have to be issued at the worst-case weighted-average interest rate of 6.00%, or approximately \$19.9 million considering the adjustment to the cap on qualified costs included in the settlement agreement.²⁸ The economic benefit to ratepayers will be larger if a more favorable market allows the system restoration bonds to be issued at a lower interest rate. In the issuance advice letter, AEP Texas will be required to update the benefit analyses to verify that the final system restoration bond structure and pricing satisfies the statutory financial tests.

To issue a financing order, PURA also requires that the Commission find that the total amount of revenues collected under the financing order will be less than would otherwise have been collected under conventional financing methods.²⁹ In this proceeding, AEP Texas's financial analysis of the amount sought to be securitized under worst-case market conditions, in which the bonds bear a 6.00% weighted-average interest rate, demonstrates that revenues will be reduced by approximately \$26.8 million on a nominal basis under this Financing Order compared to the amount that would be recovered under conventional financing methods, or approximately \$27.1 million considering the adjustment to the cap on qualified costs included in the settlement agreement.³⁰ Under the expected scenario in which the bonds are issued at a 3.48% weighted-average interest rate, securitization saves ratepayers approximately \$62.9 million in nominal revenue, or approximately \$63.2 million, considering the adjustment to the cap on qualified costs included in the settlement agreement.³¹ If system restoration bonds are issued in a more favorable market, this reduction in revenues will be larger.

²⁷ Hamlett Direct at 15.

²⁸ *Id*.

²⁹ See PURA § 39.303(a).

³⁰ Hamlett Direct at 12.

³¹ *Id*.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 13 of 127

Docket No. 49308 Financing Order Page 10 of 86

Before the system restoration bonds may be issued, AEP Texas must submit to the Commission an issuance advice letter in which it demonstrates, based upon the actual market conditions at the time of pricing, that the proposed structure and pricing of the system restoration bonds will provide real economic benefits to retail customers and comply with the statutory financial tests and terms of this Financing Order. As part of this submission, AEP Texas must also certify to the Commission that the structure and pricing of the system restoration bonds result in the lowest system restoration bond charges consistent with market conditions at the time of pricing and the terms of this Financing Order. The form of certification that must be submitted by AEP Texas is set out in appendix A to this Financing Order. The Commission, by order, may stop the issuance of the system restoration bonds authorized by this Financing Order if AEP Texas fails to make this demonstration or certification. Should AEP Texas issue more than one series of system restoration bonds, AEP Texas must demonstrate in the issuance advice letter for each series that the securitization will provide real economic benefits to retail customers and comply with the statutory financial tests and terms of this Financing Order.

PURA requires that system restoration charges be charged for the use or availability of electric services to recover all qualified costs.³² System restoration charges, like all transition charges, can be recovered over a period that does not exceed 15 years.³³ The Commission concludes that this prevents the collection of system restoration charges from retail customers for services rendered after the 15-year period but does not prohibit recovery of system restoration charges for service rendered during the 15-year period but not actually collected until after the 15-year period.

System restoration charges constitute transition charges as defined in PURA § 39.302 and used in chapter 39, subchapter G of PURA³⁴ and will be collected by an electric utility, its successors, an assignee, or other collection agents as provided for in this Financing Order.³⁵ System restoration charges must be functionalized and allocated to customers in the same manner as the corresponding facilities relating to the system restoration costs and related expenses are

³² PURA § 36.403(f).

³³ See PURA § 39.303(b).

³⁴ PURA § 36.403(f).

³⁵ See PURA § 39.302(7).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 14 of 127

Docket No. 49308 Financing Order Page 11 of 86

functionalized and allocated in a utility's current base rates (i.e., the same allocation as is set forth in existing Commission orders regarding AEP Texas's central division).³⁶ The Commission further determines that, to ensure that the allocation of system restoration charges are functionalized in such manner, the ADFIT benefits associated with the securitization transaction should be calculated and allocated in the manner described in this Financing Order.

The rights to impose, collect, and receive system restoration charges (including all other rights of an electric utility under the financing order) are only contract rights until such rights (which may relate to the entire amount authorized to be securitized or, if more than one series of system restoration bonds are issued due to market conditions, to a portion of the total amount authorized to be securitized) are first transferred to an assignee or pledged in connection with the issuance of system restoration bonds.³⁷ Upon the transfer or pledge of those rights, they become transition property and, as such, are afforded certain statutory protections to ensure that the charges are available for bond retirement.³⁸

This Financing Order contains terms, as it must, ensuring that the imposition and collection of system restoration charges authorized herein must be nonbypassable.³⁹ It also includes a mechanism requiring that system restoration charges be reviewed and adjusted at least annually, within 45 days of the anniversary date of the issuance of the system restoration bonds, to correct any overcollections or undercollections during the preceding 12 months and to ensure the expected recovery of amounts sufficient to timely provide all payments of debt service and other required amounts and charges in connection with the system restoration bonds.⁴⁰ In addition to the required annual reviews, interim reviews are mandatory semi-annually (or quarterly after the final scheduled payment date of the last tranche of the system restoration bonds) to ensure that the amount of the system restoration charges matches the funding requirements approved in this Financing Order. Optional interim true-up adjustments may also be made under the circumstances set forth in this Financing Order. These provisions will help to ensure that the amount of system

³⁶ PURA § 36.403(g).

³⁷ PURA § 39.304(a).

³⁸ See PURA § 39.304(b).

³⁹ See PURA §§ 36.404, 39.306.

⁴⁰ See PURA § 39.307.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 15 of 127

Docket No. 49308 Financing Order Page 12 of 86

restoration charges paid by retail customers does not exceed the amounts necessary to cover the costs of this securitization. To encourage utilities to undertake securitization financing, other benefits and assurances are provided.

The state of Texas has pledged, for the benefit and protection of financing parties and electric utilities, that it will not take or permit any action that would impair the value of transition property, or, except for the true-up expressly allowed by law, reduce, alter, or impair the system restoration charges to be imposed, collected and remitted to financing parties, until the principal, interest and premium, and any other charges incurred and contracts to be performed in connection with the related system restoration bonds have been paid and performed in full.⁴¹

Transition property (whether associated with a single bond series covering the entire amount authorized to be securitized or with one of multiple bond series covering only a portion of the total amount authorized to be securitized) constitutes a present property right for purposes of contracts concerning the sale or pledge of property, and the property will continue to exist for the duration of the pledge of the state of Texas as described in the preceding paragraph. In addition, the interests of an assignee or pledgee in transition property (as well as the revenues and collections arising from the property) are not subject to setoff, counterclaim, surcharge, or defense by the electric utility or any other person or in connection with the bankruptcy of the electric utility or any other entity. Further, transactions involving the transfer and ownership of transition property and the receipt of system restoration charges are exempt from state and local income, sales, franchise, gross receipts, and other taxes or similar charges. The creation, granting, perfection, and enforcement of liens and security interests in transition property are governed by PURA \$ 39.309 and not by the Texas Business and Commerce Code.

The Commission may, at the request of an electric utility, adopt a financing order providing for the retiring and refunding of system restoration bonds only upon making a finding that the future system restoration charges required to service the new system restoration bonds, including

⁴¹ See PURA § 39.310.

⁴² See PURA § 39.304(b).

⁴³ See PURA § 39.305.

⁴⁴ See PURA § 39.311.

⁴⁵ See PURA § 39.309(a).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 16 of 127

Docket No. 49308 Financing Order Page 13 of 86

transaction costs, will be less than the future system restoration charges required to service the bonds being retired or refunded.⁴⁶ AEP Texas has not requested and this Financing Order does not grant any authority to refinance the system restoration bonds authorized by this Financing Order. This Financing Order does not preclude AEP Texas from filing a request for a financing order to retire or refund the system restoration bonds approved in this Financing Order upon a showing that the statutory criteria in PURA § 39.303(g) are met.

To facilitate compliance and consistency with applicable statutory provisions, this Financing Order adopts the definitions in PURA §§ 36.403 and 39.302.

II. Description of Proposed Transaction

A description of the transaction proposed by AEP Texas is contained in its application and the evidence submitted in support of the application. A brief summary of the proposed transaction is provided in this section. A more detailed description is included in Section III. C, titled Structure of The Proposed Securitization and in the application and evidence submitted in support of the application.

To facilitate the proposed securitization, AEP Texas has proposed that (depending on whether more than one series of system restoration bonds are issued) one or more special purpose entities (each referred to as BondCo) be created to which AEP Texas will transfer the rights to impose, collect, and receive system restoration charges along with the other rights arising under this Financing Order, in each case allocable to the series of system restoration bonds the BondCo is issuing. Upon transfer to a BondCo (in connection with the issuance of the particular series of system restoration bonds), these rights will become transition property as provided by PURA § 39.304. If system restoration bonds are issued in more than one series, then the transition property transferred as a result of each issuance must be only those rights associated with that portion of the total amount authorized to be securitized by this Financing Order which is securitized by a particular bond issuance. The rights to impose, collect, and receive system restoration charges, along with the other rights arising under this Financing Order as they relate to any portion of the total amount authorized to be securitized that remains unsecuritized, must

⁴⁶ See PURA § 39.303(g).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 17 of 127

Docket No. 49308 Financing Order Page 14 of 86

remain with AEP Texas and must not become transition property until transferred to a BondCo in connection with a subsequent issuance of system restoration bonds.

AEP Texas will create a separate BondCo for the issuance of a particular series of the system restoration bonds; and the rights, obligations, structure and restrictions described in this Financing Order with respect to BondCo are applicable to each such purchaser of transition property to the extent of the transition property transferred and sold to it and the system restoration bonds issued by it. BondCo will issue system restoration bonds and will transfer the net proceeds from the sale of the system restoration bonds to AEP Texas in consideration for the transfer of the corresponding transition property. BondCo will be organized and managed in a manner designed to achieve the objective of maintaining BondCo as a bankruptcy-remote entity that would not be affected by the bankruptcy of AEP Texas or any other affiliates of AEP Texas or any of their respective successors. In addition, BondCo will have at least one independent manager whose approval will be required for certain major actions or organizational changes by BondCo.

The system restoration bonds will be issued under an indenture and administered by an indenture trustee.⁴⁹ The system restoration bonds will be secured by and payable solely out of the transition property created under this Financing Order and other collateral described in AEP Texas's application. That collateral will be pledged to the indenture trustee for the benefit of the holders of the system restoration bonds and to secure payment of certain qualified costs.

The servicer of the system restoration bonds will collect the system restoration charges and remit those amounts to the indenture trustee on behalf of BondCo. The servicer will be responsible for filing any required or allowed true-ups of the system restoration charges. If the servicer defaults on its obligations under the servicing agreement, the indenture trustee may, on behalf of the holders of system restoration bonds, appoint a successor servicer. AEP Texas will act as the initial servicer for the system restoration bonds.

Retail electric providers (REPs) will be required to meet certain financial standards to collect system restoration charges under this Financing Order, in accordance with the financial

⁴⁹ If more than one series of system restoration bonds is issued, each series will be issued under a separate indenture and be subject to its own set of basic agreements (e.g., transition property purchase and sale agreement, transition property servicing agreement, administration agreement). For purposes of this Financing Order, the description of the system restoration bonds applies to each series of system restoration bonds.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 18 of 127

Docket No. 49308 Financing Order Page 15 of 86

standards they must meet to collect transition charges under financing orders issued under chapter 39, subchapter G of PURA. If the REP qualifies to collect system restoration charges, the servicer will bill to and collect from the REP the system restoration charges attributable to the REP's customers. The REP in turn will bill to and collect from its retail customers the system restoration charges attributable to them. If any REP fails to qualify to collect system restoration charges or defaults in the remittance of those charges to the servicer of the system restoration bonds, another entity can assume responsibility for collection of the system restoration charges from the REP's retail customers.

System restoration charges will be calculated to ensure the collection of an amount sufficient to service the principal, interest, and related charges for the system restoration bonds and in a manner that allocates this amount to the various classes of retail customers in the same manner as the corresponding facilities and related expenses are allocated among customers in AEP Texas's current base rates. The system restoration charges will be calculated in accordance with the method described in schedule SRC, a pro forma copy of which is contained in appendix B. In addition to the annual true-up required by PURA § 39.307, interim true-ups must be performed semi-annually (or quarterly after the final scheduled payment date of the last tranche of the system restoration bonds) if necessary to ensure that the amount collected from system restoration charges is sufficient to service the system restoration bonds and may be performed at other times as provided in this Financing Order. A non-standard true-up will be allowed for other circumstances as provided in this Financing Order. The methodology for making true-ups and allocation adjustments and the circumstances under which each must be made are described in pro forma schedule SRC, attached to this Financing Order as appendix B. If system restoration bonds are issued in more than one series, then each series will be subject to a separate true-up under PURA and this Financing Order; provided, however, that more than one series may be trued-up in a single proceeding.

The Commission determines that AEP Texas's proposed structure for the system restoration charges should be utilized. This structure provides for substantially levelized annual revenue requirements over the expected life of the system restoration bonds. This structure offers the benefit of not relying upon customer growth and will allow the resulting system restoration charges to remain level or decline over time, if billing determinants remain level or grow. Further,

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 19 of 127

Docket No. 49308 Financing Order Page 16 of 86

AEP Texas's proposed system restoration charge tariff applies consistent allocation factors across rate classes, subject to modification in accordance with the true-up mechanisms adopted in this Financing Order.

All of the bonds issued in prior Texas securitizations have been issued with a fixed interest rate. A fixed interest rate is necessary to assure that ratepayers benefit from the securitization. Although the benefits of fixed rates can be achieved through a combination of floating-rate bonds and interest-rate swaps, the Commission in prior securitizations in Texas concluded that the possible benefit of floating-rate bonds did not outweigh the cost of preparing for and executing interest-rate swaps and the potential risks swaps would impose on ratepayers. As a result, the financing orders in those proceedings prohibited the use of swaps and thus, effectively, the issuance of floating-rate bonds. The Commission reaches the same conclusion in this proceeding and will prohibit AEP Texas from issuing floating-rate bonds.

The Commission reaches a similar conclusion that issuance of bonds denominated in foreign currency should likewise be prohibited. Denominating bonds in foreign currency would create foreign currency risks for ratepayers. While these risks can be reduced through use of derivatives, the derivatives themselves create risks for ratepayers.

Interest-rate hedges can also be used to lock in interest rates or limit the variability of interest rates before issuance of bonds. However, the hedge is a bet on the direction of future market changes, which is neither necessary nor appropriate. Hedges also create additional costs and risks if, for any reason, the system restoration bonds are not issued or the amount issued is different from the principal hedged. As a result, this Financing Order prohibits AEP Texas from issuing system restoration bonds denominated in foreign currencies and from entering into interest-rate hedges.

AEP Texas requested approval of system restoration charges sufficient to recover the principal and interest on the system restoration bonds plus ongoing qualified costs as described in

⁵⁰ E.g., Application of AEP Texas Central Company for a Financing Order, Docket No. 32475, Financing Order at 14 and 15 (Jun. 21, 2006); Application of Entergy Gulf States, Inc. for a Financing Order, Docket No. 33586, Financing Order at 2 (Apr. 2, 2007); Application of CenterPoint Houston Electric, LLC for a Financing Order, Docket No. 34448, Financing Order at 2 (Sept. 18, 2007); Application of CenterPoint for a Financing Order, Docket No. 3700, Financing Order at 2 (Aug. 27, 2009); Application of Entergy Texas, Inc. for a Financing Order, Docket No. 37247, Financing Order at 2 (Sept. 11, 2009); Application of AEP Texas Central Company for a Financing Order, Docket No. 39931, Financing Order at 4 (Jan. 12, 2012).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 20 of 127

Docket No. 49308 Financing Order Page 17 of 86

this Financing Order and appendix C attached hereto. AEP Texas requested that the system restoration charges be recovered from REPs, and through them from retail customers, and that the amount of the system restoration charges be calculated based upon the allocation methodology and billing determinants specified in schedule SRC. AEP Texas also requested that certain standards related to the billing and collection of system restoration charges be applied to REPs, as specified in schedule SRC. To implement the system restoration charges and billing and collection requirements, AEP Texas requested approval of schedule SRC.

AEP Texas requested authority to securitize and to cause the issuance of system restoration bonds in an aggregate principal amount not to exceed the sum of (1) the securitizable balance at the date of issuance of the system restoration bonds plus (2) its actual up-front qualified costs of issuing, supporting, and servicing the system restoration bonds. AEP Texas provided an illustrative analysis of the costs and benefits of securitization using its estimate of the May 2019, securitizable balance. AEP Texas proposed that these amounts be updated in the issuance advice letter to reflect the actual issuance date of the system restoration bonds and other relevant current information as permitted by this Financing Order, and that AEP Texas be authorized to securitize the updated securitizable balance and up-front qualified costs as reflected in the issuance advice letter.

AEP Texas requested in the application that its up-front and ongoing costs of issuing and maintaining the system restoration bonds be recovered respectively through the system restoration bonds and system restoration charges approved in this Financing Order. AEP Texas estimated that its up-front costs would total approximately \$4.6 million, while ongoing costs of servicing the system restoration bonds would total approximately \$504,000 per year for each year of the term of the bonds. The estimates were based on assumptions regarding a number of variables that will directly affect the level of up-front and ongoing qualified costs including (1) the total securitizable balance will be \$224.9 million, (2) only one series of system restoration bonds will be issued, (3) the financing order proceeding will not be contested, (4) the financing order will not permit use of interest rate or foreign currency hedges, floating rate bonds, or bonds denominated in foreign currencies, and (5) AEP Texas acts as servicer.

The Commission's analysis of AEP Texas's request begins with the finding that the company's up-front qualified costs that are permitted to be securitized, as well as certain of the

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 21 of 127

Docket No. 49308 Financing Order Page 18 of 86

ongoing costs that the company proposes to recover directly through system restoration charges, should be capped. This finding accords with AEP Texas's prior securitizations and other securitization proceedings in this state.

The Commission finds that AEP Texas should be permitted to securitize its up-front costs of issuance in accordance with the terms of this Financing Order. As set forth in ordering paragraph 17 of this Financing Order, up-front qualified costs should not exceed \$3,650,241 plus (i) the cost of original issue discount, credit enhancements and other arrangements to enhance marketability as discussed in ordering paragraphs 6 and 23, (ii) rating agency fees, (iii) United States Securities and Exchange Commission (SEC) registration fees, (iv) the cost of the Commission's financial advisor and its legal counsel, if any, and any additional costs incurred by AEP Texas to comply with the requests and recommendations of the Commission's financial advisor, and (v) any costs incurred by AEP Texas if this Financing Order is appealed. However, no individual cap will apply to any component of the capped up-front qualified costs included in the \$3,650,241 described above. In the issuance advice letter, AEP must report the actual qualified costs securitized.

AEP Texas is authorized to recover directly through the system restoration charges its actual ongoing costs of servicing the bonds and providing administrative services to BondCo, subject to a cap on servicing fees equal to 0.10% of the initial principal amount of system restoration bonds issued under this Financing Order and a cap on administrative fees of \$100,000 for each BondCo plus reimbursable third party costs, which will apply as long as AEP Texas continues to serve as the servicer or administrator, respectively. Ongoing qualified costs, other than the servicer and administrative fees charged by AEP Texas when it is the servicer and administrator, are not capped. They are, however, estimated in appendix C. The estimated ongoing qualified costs should be updated in the issuance advice letter to reflect more current information then available to AEP Texas. In accordance with the terms of this Financing Order and subject to the approval of the indenture trustee, the Commission will permit a successor servicer to AEP Texas to recover a higher servicer fee if AEP Texas ceases to service the transition property.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 22 of 127

Docket No. 49308 Financing Order Page 19 of 86

AEP Texas does not anticipate incurring costs of retiring or refunding debt or equity in connection with the use of the proceeds from the issuance of the system restoration bonds.⁵¹ However, if costs of retiring or refunding debt are incurred, the Commission notes that the cost of retiring or refunding AEP Texas's existing debt or equity using the proceeds from the system restoration bonds must remain uncapped. Commission experience with these expenses indicates that they vary widely and are not entirely within the company's control. AEP Texas should be authorized to record such costs as a regulatory asset included on its books and to accrue carrying costs on such regulatory asset using the average weighted interest rate on the system restoration bonds, until the costs are included in AEP Texas's next base-rate case, and that the costs, together with carrying costs, be considered for recovery in AEP Texas's next base-rate case, subject to a showing that such costs were prudently incurred and are reasonable and necessary.

III. Findings of Fact

The Commission makes the following findings of fact.

A. Identification and Procedure

1. Identification of Applicant and Background

- 1. AEP Texas Inc. (AEP Texas) is a transmission and distribution utility that owns and operates for compensation an extensive transmission and distribution network to provide electric service in the portion of this state that is included in the Electric Reliability Council of Texas (ERCOT) region. AEP Texas is a direct wholly-owned subsidiary of American Electric Power Company, Inc., which is a public utility holding company under the Public Utility Holding Company Act of 2005.
- 2. Effective December 31, 2016, AEP Texas Central Company and AEP Texas North Company merged into their direct parent company, AEP Utilities, Inc., and named the merged company AEP Texas. AEP Texas maintains north and central divisions with separate rates. This financing order affects only the AEP Texas central division and all references to ratepayers or retail customers in this order should be interpreted to mean ratepayers or retail customers located within the AEP Texas central division service area.

⁵¹ Direct Testimony of Noah K. Hollis at 17.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 23 of 127

Docket No. 49308 Financing Order Page 20 of 86

3. Hurricane Harvey struck the AEP Texas central division service area on August 25, 2017, causing extensive damage to its system and widespread electric outages.

- 4. On August 7, 2018, AEP Texas filed an application under PURA § 36.405 for determination of the amount of system restoration costs related to Hurricane Harvey and certain other weather-related events, eligible for securitization or other recovery. That application was assigned Docket No. 48577.
- 5. On February 28, 2019 the Commission issued the order approving the settlement in Docket No. 48577 and determining that AEP Texas's system restoration costs eligible for securitization or other recovery were \$369,230,601, of which \$261,534,554 was related to the distribution function. The order provides that AEP Texas is entitled to recover carrying costs on Hurricane Harvey-related system restoration costs according to the methodology approved in Docket No. 48577.

2. Procedural History

- 6. On March 8, 2019, AEP Texas filed an application for a financing order under PURA chapter 36, subchapter I and chapter 39, subchapter G to permit securitization of an amount equal to the sum of (1) the securitizable balance as of the date of issuance of the system restoration bonds, plus (2) up-front qualified costs. The application includes exhibits, schedules, attachments, and testimony.
- 7. In Order No. 2 issued March 27, 2019, the administrative law judge established an intervention deadline of April 15, 2019.
- 8. The following party requested and was granted intervention: the Alliance for Retail Markets (ARM). Commission Staff also participated as a party in the proceeding. In Order No. 7 issued May 22, 2019, the administrative law judge denied the motion to intervene of Mr. Tom Joseph.
- 9. On May 9, 2019, AEP Texas and Commission Staff filed the settlement agreement, resolving certain issues in the proceeding. ARM is not a signatory to the settlement agreement, but does not oppose it.
- 10. On May 9, 2019, AEP Texas and Commission Staff also filed a joint motion to admit evidence, including the proof of notice, the pre-filed direct testimony and exhibits of Noah

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 24 of 127

Docket No. 49308 Financing Order Page 21 of 86

K. Hollis, Randall W. Hamlett, Kurt Mars, Katrina T. Niehaus and John O. Aaron, the securitization filing package schedules and attachments, and the testimony of Randall W. Hamlett and Commission Staff witnesses Darryl Tietjen and Nancy Palma in support of the settlement agreement. In Order No. 8 issued on May 22, 2019, the Commission granted the joint motion to admit evidence.

11. The Commission considered this Financing Order at its June 13, 2019 open meeting.

3. Notice of Application

- 12. Notice of AEP Texas's application was provided through publication once a week for two consecutive weeks in newspapers having general circulation in AEP Texas's central division service area; such notice by publication was completed on April 11, 2019. In addition, upon the filing of its application on March 8, 2019, AEP Texas provided notice, by furnishing a copy of its application to each party to Docket No. 48577.
- 13. On March 26, 2019, AEP Texas also provided individual notice (a) to the governing bodies of all Texas incorporated municipalities in the AEP Texas central division service area that have retained original jurisdiction over AEP Texas, (b) to all municipally owned utilities and electric cooperatives with multiply-certificated service areas with the AEP Texas central division, and (c) to each REP listed on the Commission website at the time AEP Texas filed its application for a financing order.
- 14. Verification of the mailing of individual notices to the municipalities, to the municipally owned utilities and electric cooperatives with multiply certificated service areas within the AEP Texas central division, and to the REPs, and of the furnishing of a copy of AEP Texas's filing package on each of the parties to Docket No. 48577 was made by affidavit filed on May 1, 2019. Proof of publication of notice was submitted in the form of publishers' affidavits on May 1, 2019.

B. Qualified Costs and Amount to be Securitized

1. Identification

15. Qualified costs are defined in PURA § 36.403(d) to include 100% of an electric utility's system restoration costs, including carrying costs at the electric utility's weighted average cost of capital as last approved in the utility's general rate case, net of any insurance proceeds, government grants, or other sources of funding that compensate the utility for

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 25 of 127

Docket No. 49308 Financing Order Page 22 of 86

system restoration costs received by the utility at the time it files an application for a financing order, together with the costs of issuing, supporting, and servicing system restoration bonds and any costs of retiring and refunding the electric utility's existing debt and equity securities in connection with the issuance of system restoration bonds.⁵² Qualified costs also include the costs to the Commission of acquiring professional services for the purpose of evaluating proposed securitization transactions and costs associated with ancillary agreements such as any bond insurance policy, letter of credit, reserve account, surety bond, swap arrangement, hedging arrangement, liquidity or credit support arrangement or other financial arrangement entered into in connection with the issuance or payment of the system restoration bonds. In this case, the qualified costs to be securitized will be offset utilizing certain prescribed excess unprotected ADFIT as determined in Docket No. 48577.

- 16. The actual costs of issuing and supporting the system restoration bonds will not be known until the system restoration bonds are issued, and certain ongoing costs relating to the system restoration bonds may not be known until such costs are incurred. However, to satisfy the statutory obligation to ensure tangible and quantifiable benefits to ratepayers, it is appropriate to limit the amount of certain up-front qualified costs that may be included in the principal amount of the system restoration bonds so that the sum of those up-front qualified costs does not exceed \$3,650,241 plus (i) the cost of original issue discount, credit enhancements and other arrangements to enhance marketability as discussed in ordering paragraphs 6 and 23, (ii) rating agency fees, (iii) SEC registration fees, (iv) the cost of the Commission's financial advisor and its legal counsel, if any, and any additional costs incurred by AEP Texas to comply with the requests and recommendations of the Commission's financial advisor, and (v) any costs incurred by AEP Texas if this Financing Order is appealed. However, no component of the capped up-front qualified costs will be subject to an individual cap. The amount of the up-front qualified costs must be shown in the issuance advice letter to ensure compliance with all statutory requirements.
- 17. AEP Texas intends to use the proceeds from the sale of the transition property to reduce recoverable system restoration costs, and thereafter to repay outstanding short-term debt at

⁵² PURA § 36.403(d).

Docket No. 49308 Financing Order Page 23 of 86

AEP Texas and to fund capital expenditures to support utility operations and services; accordingly, it does not anticipate incurring costs of retiring or refunding debt or equity in connection with the proceeds from the issuance of the system restoration bonds. However, if costs of retiring or refunding debt are incurred, the Commission authorizes AEP Texas to record such costs as a regulatory asset included on its books. AEP Texas is allowed to accrue carrying costs on such regulatory asset using the weighted-average interest rate on the system restoration bonds. The accrual of carrying costs will continue until the costs are included in AEP Texas's next base-rate case, and the costs, together with carrying costs, will be considered for recovery in AEP Texas's next base-rate case, subject to a showing that such costs were prudently incurred and are reasonable and necessary.

2. Accumulated Deferred Federal Income Tax Benefits

- 18. ADFIT associated with system restoration costs occurs because of the timing difference between the regulatory and tax treatment of the system restoration costs.
- 19. AEP Texas proposed an ADFIT-credit rider that provides to ratepayers the benefit of the ADFIT associated with system restoration costs over the same time period AEP Texas will collect the system restoration charges from ratepayers.
- 20. AEP Texas's estimate of the ADFIT benefit associated with system restoration costs appropriately takes into account the effect of the AEP Texas's net operating loss.
- 21. The ADFIT benefits associated with system restoration costs can only be estimated at this point because they are dependent in part on future taxable income, a future tax refund, and the specific timing of the issuance of system restoration bonds, all of which remain uncertain at this time. The available amount of ADFIT benefit when AEP Texas begins to implement the ADFIT credit rider is subject to update at the time system restoration bonds are issued, and to the extent necessary, in connection with true-up filings over the course of the period that the ADFIT credit rider and system restoration charges remain in force.

3. Balance to be Securitized

22. It is appropriate that AEP Texas be authorized to cause system restoration bonds to be issued in an aggregate principal amount equal to the securitizable balance at the time of

⁵³ Hollis Direct at 17.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 27 of 127

Docket No. 49308 Financing Order Page 24 of 86

issuance plus up-front qualified costs as described in ordering paragraph 17. The securitizable balance to be securitized must be equal to the balance of distribution-related system restoration costs as determined in Docket No. 48577 plus carrying costs, using the methodology for calculating carrying costs approved in Docket No. 48577, through the date the system restoration bonds are issued net of all insurance proceeds, government grants, and other sources of funding received by AEP Texas at the time that the financing application was filed that compensate AEP Texas for the distribution-related system restoration costs, and a further offset utilizing certain prescribed excess unprotected ADFIT, all as determined in Docket No. 48577. In the issuance advice letter, AEP Texas must update the amounts to reflect the securitizable balance on the date of issuance and the amount of up-front qualified costs securitized, subject to any caps on certain up-front costs provided in ordering paragraph 17 of this Financing Order.

23. It is appropriate for AEP Texas to recover the annual ongoing servicing fees and the annual fixed operating costs directly through system restoration charges. It is also appropriate to impose additional limits to ensure that the servicing fees incurred when AEP Texas serves as servicer do not exceed 0.10% of the initial principal balance of the system restoration bonds and that the administrative fees incurred when AEP Texas is the administrator do not exceed \$100,000 per year for each BondCo plus reimbursable third party costs as shown in appendix C. Consistent with AEP Texas's prior securitizations, the annual servicing fee payable to a servicer not affiliated with AEP Texas will not exceed 0.6% of the initial principal balance of the system restoration bonds unless such higher rate is approved by the Commission. Ongoing costs other than the servicer and administrative fees charged by AEP Texas when it serves as servicer and administrator are not capped, but are estimated in appendix C to this Financing Order. The servicing and administrative fees collected by AEP Texas, or any affiliate of AEP Texas, acting as servicer or administrator under the servicing agreement or administration agreement must be included as a revenue credit and reduce revenue requirements in each subsequent rate case. The expenses incurred by AEP Texas or such affiliate to perform obligations under the servicing agreement should be included in each AEP Texas base-rate case.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 28 of 127

Docket No. 49308 Financing Order Page 25 of 86

4. Issuance Advice Letter

- 24. Because the actual structure and pricing of the system restoration bonds will not be known at the time this Financing Order is issued, following determination of the final terms of the system restoration bonds and before issuance of the system restoration bonds, AEP Texas will file with the Commission for each series of system restoration bonds issued, and no later than the end of the first business day after the pricing date for that series of system restoration bonds, an issuance advice letter. The issuance advice letter will include AEP Texas's best estimate of total up-front qualified costs for such issuance. The estimated total up-front qualified costs in the issuance advice letter may be included in the principal amount securitized, subject to the cap on up-front qualified costs as described in ordering paragraph 17 of this Financing Order. Within 60 days of issuance of the system restoration bonds, AEP Texas must submit to the Commission a final accounting of the total up-front qualified costs. The issuance advice letter will report the actual dollar amount of the initial system restoration charges and other information specific to the system restoration bonds to be issued. AEP Texas's issuance advice letter must update the benefits analysis to verify that the final amount securitized satisfies the statutory financial tests. All amounts that require computation will be computed using the mathematical formulas contained in the form of the issuance advice letter in appendix A to this Financing Order and schedule SRC. The initial system restoration charges and the final terms of the system restoration bonds set forth in the issuance advice letter must become effective on the date of issuance of the system restoration bonds unless before noon on the fourth business day after pricing the Commission issues an order finding that the proposed issuance does not comply with the requirements of PURA and this Financing Order.
- 25. If the actual up-front qualified costs are less than the up-front qualified costs included in the principal amount securitized, the periodic billing requirement, defined below, for the first annual true-up adjustment must be reduced by the amount of such unused funds (together with interest, if any, earned on the investment of such funds). If the actual upfront qualified costs are more than the up-front qualified costs included in the principal amount securitized, AEP Texas may request recovery of the remaining up-front qualified costs through a surcharge to AEP Texas's rates for distribution service, provided, however, AEP Texas may not request recovery of amounts that would cause the aggregate recoverable

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 29 of 127

Docket No. 49308 Financing Order Page 26 of 86

amounts for capped costs to exceed the cap on up-front qualified costs described in ordering paragraph 17 of this Financing Order.

- 26. AEP Texas will submit a draft issuance advice letter to the Commission Staff for review not later than two weeks before the expected date of commencement of marketing each series of system restoration bonds. Within one week after receipt of the draft issuance advice letter, Commission Staff will provide AEP Texas comments and recommendations regarding the adequacy of the information provided.
- 27. The issuance advice letter for a series of system restoration bonds must be submitted to the Commission not later than the end of the first business day after the pricing of such series of system restoration bonds. Commission Staff may request such revisions of the issuance advice letter as may be necessary to assure the accuracy of the calculations and that the requirements of PURA and of this Financing Order have been met. The initial system restoration charges and the final terms of the system restoration bonds set forth in the issuance advice letter must become effective on the date of issuance of the system restoration bonds (which must not occur before the fifth business day after pricing) unless before noon on the fourth business day after pricing the Commission issues an order finding that the proposed issuance does not comply with the requirements of PURA and the Financing Order.
- 28. The completion and filing of an issuance advice letter in the form of the issuance advice letter attached as appendix A, including the certification from AEP Texas discussed in finding of fact numbers 27 and 97, is necessary to ensure that any securitization actually undertaken by AEP Texas complies with the terms of this Financing Order.
- 29. The certification statement contained in AEP Texas's certification letter must be worded precisely as the statement in the form of the issuance advice letter approved by the Commission. Other aspects of the certification letter may be modified to describe the particulars of the system restoration bonds and the actions that were taken during the transaction.

5. Tangible and Quantifiable Benefit

30. The statutory requirement in PURA §§ 36.401 and 39.301 that directs the Commission to ensure that securitization provides tangible and quantifiable benefits to ratepayers greater

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 30 of 127

Docket No. 49308 Financing Order Page 27 of 86

than would be achieved absent the issuance of system restoration bonds can only be determined using an economic analysis to account for the time value of money. An analysis that compares in the aggregate, over the expected life of the system restoration bonds, the present value of the revenue requirement associated with recovery of the securitizable balance through rates reflective of conventional utility financing, with the present value of the revenue required under securitization, is an appropriate economic analysis to demonstrate whether securitization provides economic benefits to ratepayers.

31. The financial analysis presented by AEP Texas indicates that securitization of the securitizable balance and other qualified costs as requested by AEP Texas would result in approximately \$19.7 million of tangible and quantifiable economic benefits to ratepayers on a present-value basis if the system restoration bonds are issued at an average weighted average interest rate of 6.00% allowed by this Financing Order and with a 10-year expected life, or approximately \$19.9 million, considering the adjustment to the cap on qualified costs included in the settlement agreement. Using the projected weighted average interest rate of 3.48% and a 10-year expected life, the benefits of securitization would be approximately \$52.4 million on a present value basis, or approximately \$52.6 million considering the adjustment to the cap on qualified costs included in the settlement agreement. These estimates use AEP Texas's securitizable balance as of May 2019 (\$224.9 million), as approved in Docket No. 48577, and assume that actual up-front and ongoing qualified costs will be as shown on appendix C to this Financing Order. The benefits for retail customers set forth in AEP Texas's evidence are fully indicative of the benefits ratepayers will realize from the securitization approved in this Financing Order; however, the actual benefit to ratepayers will depend upon market conditions on the date of issuance of the system restoration bonds, the actual scheduled maturity of the system restoration bonds, and the amount actually securitized. AEP Texas will be required to provide an updated tangible and quantifiable benefits analysis in its issuance advice letter to verify that this statutory test is met.

6. Present Value Cap

32. The amount securitized may not exceed the present value of the revenue requirement over the life of the proposed system restoration bonds associated with conventional (i.e., non-securitized) recovery of the authorized amounts where the present value analysis uses

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 31 of 127

Docket No. 49308 Financing Order Page 28 of 86

a discount rate equal to the proposed interest rate on the system restoration bonds.⁵⁴ The analysis presented by AEP Texas demonstrates that the proposed securitization meets this requirement whether the system restoration bonds are assumed to bear interest at a weighted average interest rate of 6.00%, at the projected weighted average interest rate of 3.48%, or at other interest rates less than 6.00%. Using a 3.48% weighted average interest rate, the present value of the revenue requirement savings would be approximately \$52.4 million, or approximately \$52.6 million considering the adjustment to the cap on qualified costs included in the settlement agreement. At the higher interest rate of 6.00%, the present value of the revenue requirement savings would be approximately \$19.7 million, or approximately \$19.9 million considering the adjustment to the cap on qualified costs included in the settlement agreement. These estimates use AEP Texas's securitizable balance as of May 2019 as approved in Docket No. 48577, an expected life of 10 years, and assume that actual up-front and ongoing qualified costs will be as estimated on appendix C to this Financing Order. The benefits for ratepayers set forth in AEP Texas's evidence are fully indicative of the benefits ratepayers will realize from the securitization approved in this Financing Order; however, AEP Texas will be required to provide an updated present value analysis in its issuance advice letter to verify that this statutory test is met.

7. Total Amount of Revenue to be Recovered

33. The Commission is required to find that the total amount of revenues to be collected under this Financing Order will be less than the revenue requirement that would be recovered over the life of the amounts that are securitized under this Financing Order, using conventional financing methods. 55 AEP Texas's analysis assumed that under conventional financing methods, the costs would be recovered over the life of the system restoration bonds (for purposes of its analysis, 10 years) with carrying costs equal to AEP Texas's weighted-average cost of capital of 7.4992%. The resulting total conventional revenues would be \$343.6 million. If 10-year system restoration bonds are issued at a 6.00% weighted average interest rate, AEP Texas's financial analysis indicates that the total

⁵⁴ See PURA § 39.301.

⁵⁵ See PURA § 39.303(a).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 32 of 127

Docket No. 49308 Financing Order Page 29 of 86

amount of revenues to be collected under this Financing Order is expected to be approximately \$26.8 million less than the revenue requirement that would be recovered using conventional utility financing methods, or approximately \$27.1 million considering the adjustment to the cap on qualified costs included in the settlement agreement. Using the projected weighted average interest rate of 3.48%, the benefits of securitization would be approximately \$62.9 million on a nominal basis, or approximately \$63.2 million, considering the adjustment to the cap on qualified costs included in the settlement agreement. These estimates use AEP Texas's securitizable balance as of May 2019, as approved in Docket No. 48577, an expected life of 10 years, and assume that actual upfront and ongoing qualified costs will be as estimated on appendix C to this Financing Order. The benefits for retail customers set forth in AEP Texas's evidence are fully indicative of the benefits ratepayers will realize from the securitization approved in this Financing Order; however, AEP Texas will be required to provide an updated total revenue analysis in its issuance advice letter to verify that this statutory test is met.

C. Structure of the Proposed Securitization

1. BondCo

34. For purposes of this securitization, AEP Texas will create one or more BondCos, a special purpose transition funding entity (each of which referred to as BondCo), each of which will be a Delaware limited liability company with AEP Texas as its sole member. If more than one series of system restoration bonds are issued, AEP Texas will create a separate BondCo for the issuance of a particular series of system restoration bonds and the rights, structure and restrictions described in this Financing Order with respect to BondCo will be applicable to each such purchaser of transition property to the extent of the transition property sold to it and the system restoration bonds issued by it. BondCo will be formed for the limited purpose of acquiring transition property, issuing system restoration bonds in one or more tranches, and performing other activities relating thereto or otherwise authorized by this Financing Order. BondCo will not be permitted to engage in any other activities and will have no assets other than transition property and related assets to support its obligations under the system restoration bonds. Obligations relating to the system restoration bonds will be BondCo's only significant liabilities. These restrictions on the activities of BondCo and restrictions on the ability of AEP Texas to take action on

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 33 of 127

Docket No. 49308 Financing Order Page 30 of 86

BondCo's behalf are imposed to achieve the objective that BondCo will be bankruptcy remote and not affected by a bankruptcy of AEP Texas. BondCo will be managed by a board of managers with rights and duties similar to those of a board of directors of a corporation. As long as the system restoration bonds remain outstanding, BondCo will have at least one independent manager with no organizational affiliation with AEP Texas other than acting as independent manager for any other bankruptcy-remote subsidiary of AEP Texas or its affiliates, including AEP Texas Central Transition Funding II LLC, the issuer of the transition bonds approved in Docket No. 32475,⁵⁶ and AEP Texas Central Company Transition Funding III LLC, the issuer of transition bonds approved in Docket No. 39931.⁵⁷ BondCo will not be permitted to amend the provisions of the organizational documents that relate to bankruptcy-remoteness of BondCo without the consent of the independent manager. Similarly, BondCo will not be permitted to institute bankruptcy or insolvency proceedings or to consent to the institution of bankruptcy or insolvency proceedings against it, or to dissolve, liquidate, consolidate, convert, or merge without the consent of the independent manager. Other restrictions to facilitate bankruptcy-remoteness may also be included in the organizational documents of BondCo as required by the rating agencies.

- 35. The initial capital of BondCo is expected to be not less than 0.5% of the original principal amount of the system restoration bonds issued by BondCo. Adequate funding of BondCo at this level is intended to protect the bankruptcy remoteness of BondCo. A sufficient level of capital is necessary to minimize this risk and, therefore, assist in achieving the lowest system restoration charges possible.
- 36. BondCo will issue one series of system restoration bonds consisting of one or more tranches. The aggregate amount of all tranches of all series of system restoration bonds issued under this Financing Order must not exceed the principal amount approved by this Financing Order. BondCo will pledge to the indenture trustee, as collateral for payment of the system restoration bonds, the transition property, including BondCo's right to receive

⁵⁶ Application of AEP Texas Central Company for a Financing Order, Docket No. 32475, Financing Order (Jun. 21, 2006).

⁵⁷ Application of AEP Texas Central Company for a Financing Order, Docket No. 39931, Financing Order (Jan. 12, 2012).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 34 of 127

Docket No. 49308 Financing Order Page 31 of 86

the system restoration charges as and when collected, and certain other collateral described in AEP Texas's application.

- 37. Concurrent with the issuance of any of the system restoration bonds, AEP Texas will transfer to BondCo all of AEP Texas's rights under this Financing Order related to the amount of system restoration bonds BondCo is issuing, including rights to impose, collect, and receive system restoration charges approved in this Financing Order. This transfer will be structured so that it will qualify as a true sale within the meaning of PURA § 39.308 and that such rights will become transition property concurrently with the sale to BondCo as provided in PURA § 39.304. By virtue of the transfer, BondCo will acquire all of the right, title, and interest of AEP Texas in the transition property arising under this Financing Order that is related to the amount of system restoration bonds BondCo is issuing.
- 38. The use and proposed structure of BondCo and the limitations related to its organization and management are necessary to minimize risks related to the proposed securitization transactions and to minimize the system restoration charges. Therefore, the use and proposed structure of BondCo should be approved.

2. Credit Enhancement and Arrangements to Enhance Marketability

39. AEP Texas requested approval to use additional forms of credit enhancement (including letters of credit, reserve accounts, surety bonds, or guarantees) and other mechanisms designed to promote the credit quality and marketability of the system restoration bonds if the benefits of such arrangements exceed their cost. AEP Texas also asked that the costs of any credit enhancements as well as the costs of arrangements to enhance marketability be included in the amount of qualified costs to be securitized. AEP Texas should be permitted to recover the ongoing costs of credit enhancements and arrangements to enhance marketability, provided that the Commission's designated representative and AEP Texas agree in advance that such enhancements and arrangements provide benefits greater than their tangible and intangible costs. If the use of original issue discount, credit enhancements, or other arrangements is proposed by AEP Texas, AEP Texas must provide the Commission's designated representative copies of all cost-benefit analyses performed by or for AEP Texas that support the request to use such arrangements. This finding does not apply to the collection account or its subaccounts approved in this Financing Order.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 35 of 127

Docket No. 49308 Financing Order Page 32 of 86

- 40. AEP Texas's proposed use of credit enhancements and arrangements to enhance marketability is reasonable and should be approved, provided that AEP Texas certifies that the enhancements or arrangements provide benefits greater than their cost and that such certifications are agreed to by the Commission's designated representative.
- 41. In prior financing orders,⁵⁸ the Commission determined that the costs and risks of swap transactions outweighed the expected benefits and prohibited the use of interest rate-swaps. AEP Texas has not sought authority to use swap transactions in connection with its proposed securitization.
- 42. Also in prior financing orders, the Commission determined that the use of floating-rate notes, notes denominated in foreign currencies, interest-rate hedges, and interest-rate swaps would not be expected to result in the lowest system restoration bond charges, and would expose ratepayers to higher risks and greater uncertainty about future costs. Accordingly, AEP Texas has not asked for permission, and the Commission has determined that AEP Texas should not be permitted to use floating-rate notes, notes denominated in foreign currencies, hedges, or interest-rate swaps in this transaction.

3. Transition Property

- 43. Under PURA § 39.304(a), the rights and interest of an electric utility or successor under a financing order, including the right to impose, collect, and receive transition charges (which term includes the system restoration charges authorized in the financing order), are only contract rights until they are first transferred to an assignee or pledged in connection with the issuance of system restoration bonds, at which time they will become transition property.
- 44. The rights to impose, collect, and receive the system restoration charges approved in this Financing Order along with the other rights arising under this Financing Order will become transition property upon the transfer of such rights by AEP Texas to BondCo under PURA

⁵⁸ E.g., Docket No. 32475, Financing Order at 14–15; Application of Entergy Gulf States, Inc. for a Financing Order, Docket No. 33586, Financing Order at 2 (Apr. 2, 2007); Application of CenterPoint Houston Electric, LLC for a Financing Order, Docket No. 34448, Financing Order at 2 (Sept. 18, 2007); Application of CenterPoint for a Financing Order, Docket No. 37200, Financing Order at 2 (Aug. 27, 2009); Application of Entergy Texas, Inc. for a Financing Order, Docket No. 37247, Financing Order at 2 (Sept. 11, 2009); Application of AEP Texas Central Company for a Financing Order, Docket No. 39931, Financing Order at 4 (Jan. 12, 2012).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 36 of 127

Docket No. 49308 Financing Order Page 33 of 86

§ 39.304. If system restoration bonds are issued in more than one series, then the transition property transferred as a result of each issuance must be only those rights associated with that portion of the total amount authorized to be securitized by this Financing Order which is securitized by such issuance. The rights to impose, collect, and receive system restoration charges along with the other rights arising under this Financing Order as they relate to any portion of the total amount authorized to be securitized that remains unsecuritized must remain with AEP Texas and must not become transition property unless and until transferred to a BondCo in connection with a subsequent issuance of system restoration bonds.

- 45. Transition property and all other collateral will be held and administered by the indenture trustee under the indenture, as described in AEP Texas's application. This proposal will help ensure the lowest system restoration charges and should be approved.
- 46. Under PURA § 39.304(b), transition property constitutes a present property right for purposes of contracts concerning the sale or pledge of property, even though the imposition and collection of system restoration charges depends on further acts of the utility or others that have not yet occurred.

4. Servicer and the Servicing Agreement

47. AEP Texas will execute a servicing agreement with BondCo. The servicing agreement may be amended, renewed or replaced by another servicing agreement. The entity responsible for carrying out the servicing obligations under any servicing agreement is the servicer. AEP Texas will be the initial servicer but may be succeeded as servicer by another entity under certain circumstances detailed in the servicing agreement and as authorized by the Commission. Under the servicing agreement, the servicer is required, among other things, to impose and collect the applicable system restoration charges for the benefit and account of BondCo, to make the periodic true-up adjustments of system restoration charges required or allowed by this Financing Order, and to account for and remit the applicable system restoration charges to or for the account of BondCo in accordance with the remittance procedures contained in the servicing agreement without any charge, deduction or surcharge of any kind (other than the servicing fee specified in the servicing agreement). Under the terms of the servicing agreement, if any servicer fails to perform its servicing

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 37 of 127

Docket No. 49308 Financing Order Page 34 of 86

obligations in any material respect, the indenture trustee acting under the indenture to be entered into in connection with the issuance of the system restoration bonds, or the indenture trustee's designee, may, or, upon the instruction of the requisite percentage of holders of the outstanding amount of system restoration bonds, must, appoint an alternate party to replace the defaulting servicer, in which case the replacement servicer will perform the obligations of the servicer under the servicing agreement. The obligations of the servicer under the servicing agreement and the circumstances under which an alternate servicer may be appointed are more fully described in the servicing agreement. The rights of BondCo under the servicing agreement will be included in the collateral pledged to the indenture trustee under the indenture for the benefit of holders of the system restoration bonds. AEP Texas currently serves as servicer of the transition charges related to the transition bonds issued by AEP Texas Central Transition Funding II LLC in October of 2006 under the financing order issued in Docket No. 32475, and the transition bonds issued by AEP Texas Central Transition Funding III LLC in March 2012 under the financing order issued in Docket No. 39931. Consequently, AEP Texas, as initial servicer of system restoration charges associated with system restoration bonds issued under this Financing Order will, and any successor servicer may, simultaneously be serving as servicer of separate transition charges associated with transition bonds for more than one issuer.

- 48. The servicing agreement negotiated as part of this securitization must contain a recital clause that the Commission, or its attorney, will enforce the servicing agreement for the benefit of Texas ratepayers to the extent permitted by law.
- 49. The servicing agreement negotiated as part of this securitization must include a provision that AEP Texas must indemnify the Commission (for the benefit of ratepayers) in connection with any increase in servicing fees that become payable as a result of a default resulting from AEP Texas's willful misconduct, bad faith or negligence in performance of its duties or observance of its covenants under the servicing agreement. The indemnity will be enforced by the Commission but will not be enforceable by any REP or customer.
- 50. The obligations to continue to provide service and to collect and account for system restoration charges will be binding upon AEP Texas and any other entity that provides transmission and distribution services or direct wire services to a person that was a retail

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 38 of 127

Docket No. 49308 Financing Order Page 35 of 86

customer located within AEP Texas's central division service area as it existed on the date of this Financing Order, or that became a retail customer for electric services within such area after the date of this Financing Order, and is still located within such area, except as provided in finding of fact numbers 73 and 74. Further, and to the extent REPs are responsible for imposing and billing system restoration charges on behalf of BondCo, billing and credit standards approved in this Financing Order will be binding on all REPs that bill and collect system restoration charges from such retail customers, together with their successors and assigns. The Commission will enforce the obligations imposed by this Financing Order, its applicable substantive rules, and statutory provisions.

- 51. To the extent that any interest in the transition property created by this Financing Order is assigned, sold or transferred to an assignee, ⁵⁹ AEP Texas will enter into a contract with that assignee that will require AEP Texas to continue to operate its transmission and distribution system to provide electric services to AEP Texas's customers. This provision does not prohibit AEP Texas from selling, assigning or otherwise divesting its transmission and distribution system or any part thereof so long as the entity acquiring such facilities agrees to continue operating the facilities to provide electric services to AEP Texas's customers.
- 52. The provisions described in finding of fact numbers 47 through 51 are reasonable, will reduce risk associated with the proposed securitization and will result in lower system restoration bond charges and greater benefits to ratepayers and should be approved.

5. Retail Electric Providers

- 53. The servicer will bill the system restoration charges to each retail customer's REP and the REP will collect the system restoration charges from its retail customers.
- 54. Schedule SRC sets forth minimum billing and collection standards to apply to REPs that collect system restoration charges approved by this Financing Order from retail customers. The Commission finds that the REP standards set forth in schedule SRC are appropriate and should be adopted.

⁵⁹ The term assignee means any individual, corporation, or other legally recognized entity to which an interest in transition property is transferred, other than as security, including any assignee of that party. *See PURA* § 39.302(1).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 39 of 127

Docket No. 49308 Financing Order Page 36 of 86

55. The REP standards set forth in schedule SRC relate only to the billing and collection of system restoration charges authorized under this Financing Order, and do not apply to collection of any other nonbypassable charges or other charges. The standards apply to all REPs other than REPs that have contracted with AEP Texas to have AEP Texas bill and collect system restoration charges from the REP's retail customers. REPs may contract with parties other than AEP Texas to bill and collect system restoration charges from retail customers, but such parties must remain subject to these standards. Upon adoption of any amendment to 16 TAC § 25.108, the Commission Staff will open a proceeding to investigate the need to modify the standards in schedule SRC to conform to that rule, provided that such modifications may not be implemented absent prior written confirmation (or deemed inapplicability of such confirmation requirement) from each of the rating agencies that have rated the system restoration bonds that such modifications will not cause a suspension, withdrawal, or downgrade of the ratings on the system restoration bonds.

The REP standards are as follows:

a. Rating, Deposit, and Related Requirements.

Each REP must (1) have a long-term, unsecured credit rating of not less than BBB-and Baa3 (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively, or (2) provide (a) a deposit of two months' maximum expected system restoration charge collections in the form of cash, (b) an affiliate guarantee, surety bond, or letter of credit providing for payment of such amount of system restoration charge collections in the event that the REP defaults in its payment obligations, or (c) a combination of any of the foregoing. A REP that does not have or maintain the requisite long-term, unsecured credit rating may select which alternate form of deposit, credit support, or combination thereof it will utilize, in its sole discretion. The indenture trustee must be a beneficiary of any affiliate guarantee, surety bond or letter of credit. The provider of any affiliate guarantee, surety bond, or letter of credit must have and maintain a long-term, unsecured credit rating of not less than BBB- and Baa3 (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively.

Docket No. 49308 Financing Order Page 37 of 86

b. Loss of Rating.

If the long-term, unsecured credit rating from either Standard & Poor's or Moody's Investors Service of a REP that did not previously provide the alternate form of deposit, credit support, or combination thereof or of any provider of an affiliate guarantee, surety bond, or letter of credit is suspended, withdrawn, or downgraded below BBB- or Baa3 (or the equivalent), the REP must provide the alternate form of deposit, credit support, or combination thereof, or new forms thereof, in each case from providers with the requisite ratings, within 10 business days following such suspension, withdrawal, or downgrade. A REP failing to make such provision must comply with the provisions set forth in paragraph (e).

c. Computation of Deposit.

The computation of the size of a deposit required under paragraph (a) must be agreed upon by the servicer and the REP, and reviewed no more frequently than quarterly to ensure that the deposit accurately reflects two months' maximum expected system restoration charge collections. Within 10 business days following such review, (1) the REP must remit to the indenture trustee the amount of any shortfall in such required deposit or (2) the servicer must instruct the indenture trustee to remit to the REP any amount in excess of such required deposit. A REP failing to so remit any such shortfall must comply with the provisions set forth in paragraph (e). REP cash deposits must be held by the indenture trustee, maintained in a segregated account, and invested in short-term high quality investments, as permitted by the rating agencies rating the system restoration bonds. Investment earnings on REP cash deposits must be considered part of such cash deposits so long as they remain on deposit with the indenture trustee. At the instruction of the servicer, cash deposits will be remitted with investment earnings to the REP at the end of the term of the system restoration bonds unless otherwise utilized for the payment of the REP's obligations for system restoration charges. Once the deposit is no longer required, the servicer must promptly (but not later than 30 calendar days) instruct the indenture trustee to remit the amounts in the segregated accounts to the REP.

d. Payment of System Restoration Charges.

Payments of system restoration charges are due 35 calendar days following each billing by the servicer to the REP, without regard to whether or when the REP receives

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 41 of 127

Docket No. 49308 Financing Order Page 38 of 86

payment from its retail customers. The servicer must accept payment by electronic funds transfer, wire transfer, check, or any combination thereof. Payment will be considered received the date the electronic funds transfer or wire transfer is received by the servicer, or the date the check clears. A 5% penalty is to be charged on amounts received after 35 calendar days; however, a ten calendar-day grace period will be allowed before the REP is considered to be in default. A REP in default must comply with the provisions set forth in paragraph (e). The 5% penalty will be a one-time assessment measured against the current amount overdue from the REP to the servicer. The current amount consists of the total unpaid system restoration charges existing on the 36th calendar day after billing by the servicer. Any and all such penalty payments will be made to the indenture trustee to be applied against system restoration charge obligations. A REP must not be obligated to pay the overdue system restoration charges of another REP. If a REP agrees to assume the responsibility for the payment of overdue system restoration charges as a condition of receiving the customers of another REP that has decided to terminate service to those customers for any reason, the new REP must not be assessed the 5% penalty upon such system restoration charges; however, the prior REP must not be relieved of the previouslyassessed penalties.

e. Remedies Upon Default.

After the ten calendar-day grace period (the 45th calendar day after the billing date) referred to in paragraph (d), the servicer must have the option to seek recourse against any cash deposit, affiliate guarantee, surety bond, letter of credit, or combination thereof provided by the REP, and avail itself of such legal remedies as may be appropriate to collect any remaining unpaid system restoration charges and associated penalties due the servicer after the application of the REP's deposit or alternate form of credit support. In addition, a REP that is in default with respect to the requirements set forth in paragraphs (b), (c), or (d) above must, subject to the limitations and requirements of the bankruptcy code if the REP is a debtor in bankruptcy, select and implement one of the following options:

(1) Allow the provider of last resort (POLR) or a qualified REP of the retail customer's choosing to immediately assume the responsibility for the billing and collection of system restoration charges.

Docket No. 49308 Financing Order Page 39 of 86

- (2) Immediately implement other mutually suitable and agreeable arrangements with the servicer. It is expressly understood that the servicer's ability to agree to any other arrangements will be limited by the terms of the servicing agreement and requirements of each of the rating agencies that have rated the system restoration bonds necessary to avoid a suspension, withdrawal, or downgrade of the ratings on the system restoration bonds.
- (3) Arrange that all amounts owed by retail customers for services rendered be timely billed and immediately paid directly into a lock-box controlled by the servicer with such amounts to be applied first to pay system restoration charges before the remaining amounts are released to the REP. All costs associated with this mechanism will be borne solely by the REP.

If a REP that is in default fails to immediately select and implement one of the foregoing options or, after so selecting one of the foregoing options, fails to adequately meet its responsibilities thereunder, then the servicer must immediately implement option (1), subject to the limitations and requirements of the bankruptcy code if the REP is a debtor in bankruptcy. Upon re-establishment of compliance with the requirements set forth in paragraphs (b), (c) and (d) above and the payment of all past-due amounts and associated penalties, the REP will no longer be required to comply with this paragraph.

f. Interest of REPs (including the POLR) in Funds Held by Servicer.

Any interest that a REP (including the POLR) may have in any funds in the hands of the servicer must be junior and subordinate to any and all rights of the indenture trustee or BondCo to such funds.

g. Billing by Providers of Last Resort.

The POLR appointed by the Commission must meet the minimum credit rating or the deposit or credit support requirements described in paragraph (a) in addition to any other standards that may be adopted by the Commission. If the POLR defaults or is not eligible to provide such services, responsibility for billing and collection of system restoration charges will immediately be transferred to and assumed by the servicer until a new POLR can be named by the Commission or the customer requests the services of a certified REP. Retail customers may never be re-billed by the successor REP, the POLR,

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 43 of 127

Docket No. 49308 Financing Order Page 40 of 86

or the servicer for any amount of system restoration charges they have paid their REP (although future system restoration charges must reflect REP and other system-wide charge-offs). Additionally, if the amount of the penalty detailed in paragraph (d) is the sole remaining past-due amount after the 45th calendar day, the REP must not be required to comply with clauses (1), (2), or (3) of paragraph (e) above, unless the penalty is not paid within an additional 30 calendar days.

h. Disputes.

In the event that a REP disputes any amount of billed system restoration charges, the REP must pay the disputed amount under protest according to the timelines detailed in paragraph (d). The REP and servicer must first attempt to informally resolve the dispute, but if they fail to do so within 30 calendar days, either party may file a complaint with the Commission. If the REP is successful in the dispute process (informal or formal), the REP must be entitled to interest on the disputed amount paid to the servicer at the Commission-approved interest rate. Disputes about the date of receipt of system restoration charge payments (and penalties arising thereof) or the size of a required REP deposit will be handled in a like manner. It is expressly intended that any interest paid by the servicer on disputed amounts must not be recovered through system restoration charges if it is determined that the servicer's claim to the funds is clearly unfounded. No interest must be paid by the servicer if it is determined that the servicer has received inaccurate metering data from another entity providing competitive metering services under PURA § 39.107.

i. Metering Data.

If the servicer is providing the metering, metering data will be provided to the REP at the same time as the billing. If the servicer is not providing the metering, the entity providing the metering services will be responsible for complying with Commission rules and ensuring that the servicer and the REP receive timely and accurate metering data in order for the servicer to meet its obligations under the servicing agreement and this Financing Order with respect to billing and true-ups.

j. Charge-Off Allowance.

The REP will be allowed to hold back an allowance for charge-offs in its payments to the servicer. Such charge-off rate will be recalculated each year in connection with the

Docket No. 49308 Financing Order Page 41 of 86

annual true-up procedure. In the initial year, REPs will be allowed to remit payments based on the same charge-off percentage then being used by the REP to remit payments to the servicer in connection with transition charges related to transition bonds issued by AEP Texas Central Transition Funding III, LLC in March 2012 under the financing order in Docket No. 39931. On an annual basis in connection with the true-up process, the REP and the servicer will be responsible for reconciling the amounts held back with amounts actually written off as uncollectible in accordance with the terms agreed to by the REP and the servicer, provided that:

- (1) The REP's right to reconciliation for write-offs will be limited to customers whose service has been permanently terminated and whose entire accounts (i.e., all amounts due the REP for its own account as well as the portion representing system restoration charges) have been written off.
- (2) The REP's recourse will be limited to a credit against future system restoration charge payments unless the REP and the servicer agree to alternative arrangements, but in no event will the REP have recourse to the indenture trustee, BondCo, or BondCo's funds for such payments.
- (3) The REP must provide information on a timely basis to the servicer so that the servicer can include the REP's default experience and any subsequent credits into its calculation of the adjusted system restoration charge rates for the next system restoration-charge billing period and the REP's rights to credits will not take effect until after such adjusted system restoration-charge rates have been implemented.

k. Service Termination.

In the event that the servicer is billing retail customers for system restoration charges, the servicer must have the right to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer under applicable Commission rules. In the event that a REP or the POLR is billing retail customers for system restoration charges, the REP or POLR must have the right to transfer the customer to the POLR (or to another certified REP) or to direct the servicer to terminate transmission

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 45 of 127

Docket No. 49308 Financing Order Page 42 of 86

and distribution service to the end-use customer for non-payment in accordance with the applicable Commission rules.

- 56. The proposed billing and collection standards for REPs are the same as those adopted in Docket Nos. 32475 and 39931 and currently applied by AEP Texas in its capacity as servicer under the transition bonds issued in accordance with the financing orders in those dockets.
- 57. The proposed billing and collection standards for REPs and the applicability of those standards are appropriate for the collection of system restoration charges resulting from this Financing Order, are reasonable, will lower risks associated with the collection of system restoration charges, and will result in lower system restoration bond charges and greater benefits to ratepayers. In addition, adoption of these standards will provide uniformity of standards for the billing and collection of system restoration charges for which AEP Texas acts as servicer. Therefore, the proposed billing and collection standards for REPs and the applicability of those standards described in finding of fact numbers 54 and 55 should be approved.

6. System Restoration Bonds

58. BondCo will issue and sell system restoration bonds in one series consisting of one or more tranches. The legal final maturity date of any series of system restoration bonds will not exceed 15 years from the date of issuance of such series. The legal final maturity date of each series and tranche within a series and amounts in each series will be finally determined by AEP Texas and the Commission's designated representative, consistent with market conditions and indications of the rating agencies, at the time the system restoration bonds are priced, but subject to ultimate Commission review through the issuance advice letter process. AEP Texas will retain sole discretion regarding whether or when to assign, sell, or otherwise transfer any rights concerning transition property arising under this Financing Order, or to cause the issuance of any system restoration bonds authorized in this Financing Order, subject to the right of the Commission to find that the proposed issuance does not comply with the requirements of PURA and this Financing Order. BondCo will issue the system restoration bonds on or after the fifth business day after pricing of the system restoration bonds unless, before noon on the fourth business day following pricing of the

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 46 of 127

Docket No. 49308 Financing Order Page 43 of 86

bonds, the Commission issues an order finding that the proposed issuance does not comply with the requirements of PURA and this Financing Order.

59. The Commission finds that the proposed structure—providing for substantially levelized annual revenue requirements over the expected life of the system restoration bonds—is in the public interest and should be used. This structure offers the benefit of not relying upon customer growth and will allow the resulting system restoration charges to remain level or decline over time, if billing determinants remain level or grow. The approved structure is reasonable and should be approved, provided that the issuance advice letter demonstrates that all of the statutory financial requirements are met. This restriction is necessary to ensure that the stated economic benefits to ratepayers materialize.

7. Security for System Restoration Bonds

60. The payment of the system restoration bonds and related charges authorized by this Financing Order is to be secured by the transition property created by this Financing Order and by certain other collateral as described in the application. Each series of the system restoration bonds will be issued under an indenture administered by the indenture trustee. The indenture will include provisions for a collection account for the series and subaccounts for the collection and administration of the system restoration charges and payment or funding of the principal and interest on the system restoration bonds and other costs, including fees and expenses, in connection with the system restoration bonds, as described in AEP Texas's application. In accordance with the indenture, BondCo will establish a collection account as a trust account to be held by the indenture trustee as collateral to ensure the payment of the principal, interest, and other costs approved in this Financing Order related to the system restoration bonds in full and on a timely basis. The collection account will include the general subaccount, the capital subaccount, and the excess funds subaccount, and may include other subaccounts.

a. The General Subaccount

61. The indenture trustee will deposit the system restoration charge remittances that the servicer remits to the indenture trustee for the account of BondCo into one or more segregated trust accounts and allocate the amount of those remittances to the general subaccount. The indenture trustee will on a periodic basis apply moneys in this subaccount

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 47 of 127

Docket No. 49308 Financing Order Page 44 of 86

to pay expenses of BondCo, to pay principal and interest on the system restoration bonds, and to meet the funding requirements of the other subaccounts. The funds in the general subaccount will be invested by the indenture trustee in short-term high-quality investments, and such funds (including, to the extent necessary, investment earnings) will be applied by the indenture trustee to pay principal and interest on the system restoration bonds and all other components of the periodic payment requirement (as defined in finding of fact number 76), and otherwise in accordance with the terms of the indenture.

b. The Capital Subaccount

62. When a series of system restoration bonds is issued, AEP Texas will make a capital contribution to BondCo for that series, which BondCo will deposit into the capital subaccount. The amount of the capital contribution is expected to be not less than 0.5% of the original principal amount of each series of system restoration bonds, although the actual amount will depend on tax and rating agency requirements. The capital subaccount will serve as collateral to ensure timely payment of principal and interest on the system restoration bonds and all other components of the periodic payment requirement. Any funds drawn from the capital account to pay these amounts due to a shortfall in the system restoration charge remittances will be replenished through future system restoration charge remittances. The funds in this subaccount will be invested by the indenture trustee in shortterm high-quality investments, and such funds (including investment earnings) will be used by the indenture trustee to pay principal and interest on the system restoration bonds and all other components of the periodic payment requirement. If AEP Texas is required to make a capital contribution in excess of 0.5% of the original principal amount of any series of bonds, AEP Texas will be authorized to receive an aggregate amount equal to the sum of the (i) actual amounts earned by the trustee from investment of the capital contribution (up to 0.5% of the original principal amount of such series) and (ii) an annual return at the authorized pre-tax return on equity established in AEP Texas's most recent base-rate case on the remainder of the capital contribution for such series. The required revenue, if any, to provide the annual return at the pre-tax equity return established in AEP Texas's most recent base-rate case is an ongoing qualified cost. Upon payment of the principal amount of all system restoration bonds and the discharge of all obligations that may be paid by use of system restoration charges, all amounts in the capital subaccount, including any

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 48 of 127

Docket No. 49308 Financing Order Page 45 of 86

investment earnings, will be released to BondCo for payment to AEP Texas. Investment earnings in this subaccount may be released earlier in accordance with the indenture.

63. The capital contribution to BondCo will be funded by AEP Texas. To ensure that ratepayers receive the appropriate benefit from the securitization approved in this Financing Order, the proceeds from the sale of the system restoration bonds will not be applied towards this capital contribution. Because AEP Texas funds the capital subaccount, AEP Texas will receive the investment earnings that are earned through the indenture trustee's investment of that capital from time to time, and if AEP Texas is required to make a capital contribution in excess of 0.5% of the original principal amount of any series of system restoration bonds, AEP Texas is authorized to receive an aggregate amount equal to the sum of (i) the actual amounts earned by the trustee from investment of the capital contribution (up to 0.5% of the original principal amount of such series) and (ii) an annual return on the remainder of the capital contribution for such series at AEP Texas's then-authorized rate of return on equity. The required revenue, if any, to provide an annual return on any such additional capital at AEP Texas's then-authorized rate of return on equity is an ongoing qualified cost. Upon payment of the principal amount of all system restoration bonds and the discharge of all obligations that may be paid by use of system restoration charges, all amounts in the capital subaccount, including any investment earnings, will be released to BondCo for payment to AEP Texas. Investment earnings in this subaccount may be released earlier in accordance with the indenture.

c. The Excess Funds Subaccount

64. The excess funds subaccount will hold any system restoration charge remittances and investment earnings on the collection account (other than earnings attributable to the capital subaccount and released under the terms of the indenture) in excess of the amounts needed to pay current principal and interest on the system restoration bonds and to pay other periodic payment requirements (including, but not limited to, replenishing the capital subaccount). Any balance in or allocated to the excess funds subaccount on a true-up adjustment date will be subtracted from the periodic billing requirement (as defined in finding of fact number 77) for purposes of the true-up adjustment. The money in this subaccount will be invested by the indenture trustee in short-term high-quality investments, and such money (including investment earnings thereon) will be used by the indenture

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 49 of 127

Docket No. 49308 Financing Order Page 46 of 86

trustee to pay principal and interest on the system restoration bonds and other periodic payment requirements.

d. Other Subaccounts

Other credit enhancements in the form of subaccounts may be utilized for the transaction provided that the Commission's designated representative and AEP Texas agree in advance that such enhancements provide benefits greater than their tangible and intangible costs. For example, AEP Texas does not propose use of an overcollateralization subaccount as was approved in Docket No. 21528 in connection with its first securitization of regulatory assets. Under Rev. Proc. 2002-49, as modified, amplified and superseded by Rev. Proc. 2005-62 issued by the Internal Revenue Service (IRS), the use of an overcollateralization subaccount is not necessary for favorable tax treatment nor does it appear to be necessary to obtain AAA ratings for the proposed system restoration bonds. If the Commission's designated representative and AEP Texas subsequently agree, however, that use of an overcollateralization subaccount or other subaccount are necessary to obtain AAA ratings or will otherwise increase the tangible and quantifiable benefits of the securitization, AEP Texas may implement such subaccounts to reduce system restoration bond charges.

8. General Provisions

66. The collection account and the subaccounts described above are intended to provide for full and timely payment of scheduled principal and interest on the system restoration bonds and all other components of the periodic payment requirement. If the amount of system restoration charges remitted to the general subaccount is insufficient to make all scheduled payments of principal and interest on the system restoration bonds and to make payment on all of the other components of the periodic payment requirement, the excess funds subaccount and the capital subaccount will be drawn down, in that order, to make those payments. Any deficiency in the capital subaccount due to such withdrawals must be replenished to the capital subaccount on a periodic basis through the true-up process. In addition to the foregoing, there may be such additional accounts and subaccounts as are necessary to segregate amounts received from various sources (i.e., amounts received from REPs), or to be used for specified purposes. Such accounts will be administered and utilized as set forth in the servicing agreement and the indenture. Upon the maturity of the system restoration bonds and the discharge of all obligations in respect thereof, remaining

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 50 of 127

Docket No. 49308 Financing Order Page 47 of 86

amounts in the collection account, other than amounts that were in the capital subaccount, will be released to BondCo and equivalent amounts will be credited by AEP Texas to customers in accordance with PURA § 39.262(g).

67. The use of a collection account and its subaccounts in the manner proposed by AEP Texas is reasonable, will lower risks associated with the securitization and thus lower the costs to ratepayers, and should, therefore, be approved.

9. System Restoration Charges—Imposition and Collection, Nonbypassability, and Self-Generation

- 68. AEP Texas seeks authorization to impose on and collect from REPs and from other entities that are required to bill, pay, or collect system restoration charges under this Financing Order or the tariffs approved in this Financing Order, system restoration charges in an amount sufficient to provide for the timely recovery of its qualified costs approved in this Financing Order (including payment of principal and interest on the system restoration bonds and ongoing costs related to the system restoration bonds).
- 69. System restoration charges will be separately identified on bills presented to REPs and other entities obligated to pay or collect system restoration charges.
- 70. If a REP or other entity does not pay the full amount it has been billed, the amount paid by the REP or such other entity will first be apportioned between the system restoration charges and other fees and charges (including amounts billed and due in respect of transition charges or system restoration charges associated with transition bonds or system restoration bonds issued under other past or future financing orders), other than late fees, and second, any remaining portion of the payment will be allocated to late fees. This allocation will facilitate a proper balance between the competing claims to this source of revenue in an equitable manner.
- 71. The system restoration bonds may have a scheduled final payment not to exceed 14 years. However, amounts may still need to be recovered after the expiration of the scheduled final payment date. AEP Texas proposed that the system restoration charges related to a series of system restoration bonds will be recovered over a period of not more than 15 years from the date of issuance of that series of the system restoration bonds but that amounts due at

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 51 of 127

Docket No. 49308 Financing Order Page 48 of 86

or before the end of that period for system restoration charges allocable to the 15-year period may be collected after the conclusion of the 15-year period.

- 72. PURA § 39.303(b) prohibits the recovery of system restoration charges for a period of time that exceeds 15 years. System restoration charges related to a series of system restoration bonds may not be collected for periods after 15 years from the date of issuance of that series of bonds. This restriction does not, however, prevent the collection of amounts due at the end of such 15-year period for system restoration charges allocable to such 15-year period.
- 73. AEP Texas will collect system restoration charges (i) from all REPs serving existing and future retail customers located within AEP Texas's central division's certificated service area as it existed on the date of this Financing Order and (ii) from other entities (serving such existing and future retail customers) which are required to bill, pay, or collect system restoration charges under this Financing Order or the tariffs approved hereby. Any such existing or future retail customer within such area may not avoid system restoration charges by switching to another electric utility, electric cooperative, or municipally owned utility on or after the date this Financing Order is issued.⁶⁰
- 74. A retail customer may not avoid the payment of system restoration charges by switching to new on-site generation. New on-site generation means electric generation capacity greater than 10 megawatts capable of being lawfully delivered to a site without use of utility distribution or transmission facilities and which was not, on or before the date this Financing Order is issued, either (A) a fully operational facility, or (B) a project supported by substantially complete filings for all necessary site-specific environmental permits under the rules of the Texas Commission on Environmental Quality.⁶¹ If a customer commences taking energy from new on-site generation that materially reduces the customer's use of energy delivered through AEP Texas's facilities, the customer will pay an amount each month computed by multiplying the output of the on-site generation utilized to meet the internal electrical requirements of the customer by the applicable

⁶⁰ See PURA §§ 36.404; 39.252(c).

⁶¹ See PURA §§ 36.404; 39.252(b)(1); 262(k).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 52 of 127

Docket No. 49308 Financing Order Page 49 of 86

system restoration charges in effect for that month.⁶² Any reduction equivalent to more than 12.5% of the customer's annual average use of energy delivered through AEP Texas's facilities will be considered material for this purpose. Payments of the system restoration charges owed by such ratepayers will be made to the servicer and will be collected in addition to any other charges applicable to services provided to the customer through AEP Texas's facilities and any other charges applicable to self-generation.⁶³

75. AEP Texas's proposal related to imposition and collection of system restoration charges is reasonable and is necessary to ensure collection of system restoration charges sufficient to support recovery of the qualified costs approved in this Financing Order and should be approved. It is reasonable to approve the form of AEP Texas's schedule SRC and rider SRC in this Financing Order and require that these tariff provisions be filed before any system restoration bonds are issued under this Financing Order.

10. Allocation of Qualified Costs Among Texas Retail Customers

- 76. The periodic payment requirement is the required periodic payment for a given period (e.g., annually, semiannually, or quarterly) due under the system restoration bonds. Each periodic payment requirement includes: (a) the principal amortization of the system restoration bonds in accordance with the expected amortization schedule (including deficiencies of previously scheduled principal for any reason); (b) periodic interest on the system restoration bonds (including any accrued and unpaid interest); and (c) ongoing qualified costs consisting of the servicing fee, rating agencies' fees, trustee fees, legal and accounting fees, other ongoing fees and expenses, and the costs, if any, of maintaining any credit enhancement. The initial periodic payment requirement for the system restoration bonds issued under this Financing Order should be updated in the issuance advice letter.
- 77. The periodic billing requirement represents the aggregate dollar amount of system restoration charges that must be billed during a given period (e.g., annually, semiannually, or quarterly) so that the system restoration charge collections will be sufficient to meet the sum of all periodic payment requirement for that period, given: (i) forecast usage data for

⁶² See PURA §§ 36.404; 39.252(b)(2).

⁶³ *Id*.

Docket No. 49308 Financing Order Page 50 of 86

- the period; (ii) forecast uncollectibles for the period; and (iii) forecast lags in collection of billed system restoration charges for the period.
- 78. The system restoration costs that will be recovered through the SRC system restoration charges authorized by this Financing Order are allocated among the customer classes using an approach based on a set of periodic billing requirement allocation factors (PBRAFs) approved in Docket No. 48577. This approach is reasonable and the PBRAFs calculated in accordance with it should be adopted.
- 79. Under the approach described in finding of fact number 78, the Commission adopts the following PBRAFs:

SRC Rate Class	
Residential Secondary Service Less Than or Equal to 10 kW Secondary Service Greater Than 10 kW Primary Service Lighting Service	52.5194% 2.9287% 31.8567% 6.0053% 6.6899%

11. True-Up of System Restoration Charges

- 80. Under PURA § 39.307, the servicer of the system restoration bonds will make annual adjustments to the system restoration charges to:
 - (a) correct any undercollections or overcollections, including without limitation any caused by REP defaults, during the preceding 12 months; and
 - (b) ensure the billing of system restoration charges necessary to generate the collection of amounts sufficient to timely provide all scheduled payments of principal and interest (or deposits to sinking funds in respect of principal and interest) and any other amounts due in connection with the system restoration bonds (including ongoing fees and expenses and amounts required to be deposited in or allocated to any collection account or subaccount, trustee indemnities, payments due in connection with any expenses incurred by the indenture trustee or the servicer to enforce bondholder rights and all other payments that may be required under the waterfall of payments set forth in the indenture) during the period for which such adjusted system restoration charges are to be in effect.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 54 of 127

Docket No. 49308 Financing Order Page 51 of 86

With respect to any series of system restoration bonds, the servicer will make true-up adjustment filings with the Commission at least annually, within 45 days of the anniversary of the date of the original issuance of the system restoration bonds of that series.

- 81. True-up filings will be based upon the cumulative differences, regardless of the reason, between the periodic payment requirement (including scheduled principal and interest payments on the system restoration bonds) and the amount of system restoration charge remittances to the indenture trustee. True-up procedures are necessary to ensure full recovery of amounts sufficient to meet the periodic payment requirement over the expected life of the system restoration bonds. To assure adequate system restoration charge revenues to fund the periodic payment requirement and to avoid large overcollections and undercollections over time, the servicer will reconcile the system restoration charges using AEP Texas's most recent forecast of electricity deliveries (i.e., forecasted billing units) and estimates of transaction-related expenses. The calculation of the system restoration charges will also reflect both a projection of uncollectible system restoration charges and a projection of payment lags between the billing and collection of system restoration charges based upon AEP Texas's and the REPs' most recent experience regarding collection of system restoration charges.
- 82. The servicer will make true-up adjustments in the following manner, known as the standard true-up procedure:
 - (a) allocate the upcoming period's periodic billing requirement based on the PBRAFs approved in this Financing Order;
 - (b) calculate undercollections or overcollections, including without limitation any caused by REP defaults, from the preceding period in each class by subtracting the previous period's system restoration charge revenues collected from each class from the periodic billing requirement determined for that class for the same period;
 - (c) sum the amounts allocated to each customer class in steps (a) and (b) to determine an adjusted periodic billing requirement for each system restoration charge customer class; and

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 55 of 127

Docket No. 49308 Financing Order Page 52 of 86

(d) divide the amount assigned to each customer class in step (c) above by the appropriate forecasted billing units to determine the system restoration charge rate by class for the upcoming period.

12. Interim True-Up

- 83. In addition to these annual true-up adjustments, true-up adjustments may be made by the servicer more frequently at any time during the term of the system restoration bonds to correct any undercollection or overcollection, as provided for in this Financing Order, in order to assure timely payment of system restoration bonds based on rating agency and bondholder considerations. Further, the servicer must make a mandatory interim true-up adjustment semi-annually (or quarterly after the final scheduled payment date of the last tranche of the system restoration bonds):
 - (a) if the servicer forecasts that system restoration charge collections will be insufficient to make all scheduled payments of principal, interest, and other amounts in respect of the system restoration bonds on a timely basis during the current or next succeeding payment period; or
 - (b) to replenish any draws upon the capital subaccount.
- 84. In the event an interim true-up (whether mandatory or optional) is necessary, the interim true-up adjustment must use the methodology utilized in the most recent annual true-up and be filed not less than 15 days before the first billing cycle of the month in which the revised system restoration charges will be in effect. In no event will mandatory interim true-up adjustments occur more frequently than every six months if semi-annual system restoration bond payments are required, or every three months if quarterly system restoration bond payments are required; provided, however, that mandatory interim true-up adjustments after the final scheduled payment date of the last tranche of the system restoration bonds must occur quarterly.

13. Non-Standard True-Up

85. In accordance with the procedure set forth in finding of fact number 87, a non-standard true-up procedure will be implemented as the annual true-up adjustment if the forecasted billing units for one or more of the system restoration charge customer classes for an

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 56 of 127

Docket No. 49308 Financing Order Page 53 of 86

upcoming period decreases by more than 10% compared to the billing units approved in this Financing Order (known as the threshold billing units), shown in appendix E to this Financing Order.

- 86. In conducting the non-standard true-up, the servicer will:
 - (a) allocate the upcoming period's periodic billing requirement based on the PBRAFs approved in this Financing Order;
 - (b) calculate undercollections or overcollections, including without limitation any caused by REP defaults, from the preceding period in each class by subtracting the previous period's system restoration charge revenues collected from each class from the periodic billing requirement determined for that class for the same period;
 - (c) sum the amounts allocated to each customer class in steps (a) and (b) to determine an adjusted periodic billing requirement for each system restoration charge customer class;
 - (d) divide the periodic billing requirement for each customer class by the greater of the forecasted billing units or the threshold billing units for that class, to determine the threshold rate;
 - (e) multiply the threshold rate by the forecasted billing units for each class to determine the expected collections under the threshold rate;
 - (f) allocate the difference in the adjusted periodic billing requirement and the expected collections calculated in step (e) among the system restoration charge customer classes using the PBRAFs approved in this Financing Order;
 - (g) add the amount allocated to each class in step (f) above to the expected collection amount by class calculated in step (e) above to determine the final periodic billing requirement for each class; and
 - (h) divide the final periodic billing requirement for each class by the forecasted billing units to determine the system restoration charge rate by class for the upcoming period.
- 87. A proceeding for the purpose of approving a non-standard true-up should be conducted in the following manner:

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 57 of 127

Docket No. 49308 Financing Order Page 54 of 86

- (a) The servicer will make a non-standard true-up filing with the Commission at least 90 days before the date of the proposed true-up adjustment. The filing will contain the proposed changes to the system restoration charge rates, justification for such changes as necessary to specifically address the cause or causes of the proposed non-standard true-up, and a statement of the proposed effective date.
- (b) Concurrently with the filing of the non-standard true-up with the Commission, the servicer will notify all parties in this docket of the filing of the proposal for a non-standard true-up.
- (c) The servicer will issue appropriate notice and the Commission will conduct a contested case proceeding on the non-standard true-up proposal under PURA § 39.003.

The scope of the proceeding will be limited to determining whether the proposed adjustment complies with this Financing Order. The Commission will issue a final order by the proposed true-up adjustment date stated in the non-standard true-up filing. In the event that the Commission cannot issue an order by that date, the servicer will be permitted to implement its proposed changes. Any modifications subsequently ordered by the Commission will be made by the servicer in the next true-up filing.

14. Additional True-Up Provisions

88. The true-up adjustment filing will set forth the servicer's calculation of the true-up adjustment to the system restoration charges. As provided in schedule SRC, except for the non-standard true-up in finding of fact numbers 85 through 87, the Commission will have 15 days after the date of a true-up adjustment filing in which to confirm the mathematical accuracy of the servicer's adjustment. As provided in schedule SRC, except for the non-standard true-up adjustment described above, any true-up adjustment filed with the Commission should be effective on its proposed effective date, which must be not less than 15 days after filing. Any necessary corrections to the true-up adjustment, due to mathematical errors in the calculation of such adjustment or otherwise, will be made in future true-up adjustment filings.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 58 of 127

Docket No. 49308 Financing Order Page 55 of 86

89. The true-up procedures contained in schedule SRC are reasonable and will reduce risks related to the system restoration bonds, resulting in lower system restoration bond charges and greater benefits to ratepayers and should be approved.

90. The broad-based nature of the true-up mechanism and the pledge of the State of Texas embodied in PURA § 39.310, along with the bankruptcy remoteness of the special purpose entity and the collection account, will serve to minimize credit risk associated with the system restoration bonds (i.e., that sufficient funds will be available and paid to discharge all principal and interest obligations when due).

15. Designated Representative

- 91. To ensure, as required by PURA § 39.301, that the structuring and pricing of the system restoration bonds result in the lowest system restoration bond charges consistent with market conditions and the terms of this Financing Order, the Commission finds that it is necessary for the Commission or its designated representative to have a decision-making role co-equal with AEP Texas with respect to the structuring and pricing of the system restoration bonds and that all matters related to the structuring and pricing of the system restoration bonds must be determined through a joint decision of AEP Texas and the Commission or its designated representative. The Commission's primary goal is to ensure that the structuring and pricing of the system restoration bonds result in the lowest system restoration bond charges consistent with market conditions and the terms of this Financing Order.
- 92. The Commission or its designated representative must have an opportunity to participate fully and in advance in all plans and decisions relating to the structuring, marketing, and pricing of the system restoration bonds and must be provided timely information as necessary to allow it to participate in a timely manner (including, but not limited to, information prepared for the benefit of rating agencies and information prepared for use in marketing the system restoration bonds to investors).
- 93. The Commission or its designated representative may require a certificate from each bookrunning underwriter confirming that the structuring, marketing, and pricing of the system restoration resulted in the lowest system restoration bond charges consistent with market conditions, the marketing plan, and the terms of this Financing Order.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 59 of 127

Docket No. 49308 Financing Order Page 56 of 86

94. AEP Texas stated that it expected the following transaction documents to be executed in connection with each series of system restoration bonds issued under this Financing Order and that it expected the form of each document to be consistent in all material respects with those used in its last securitization: administration agreement, indenture, limited liability company agreement, transition property servicing agreement, and transition property purchase and sale agreement. The Commission's designated representative must be afforded an opportunity to review and comment on these documents before they are finalized, and the final versions must be consistent with this Financing Order.

16. Lowest System Restoration Bond Charges

- 95. AEP Texas has proposed a transaction structure that is expected to include (but is not limited to):
 - (a) the use of BondCo as issuer of the system restoration bonds, limiting the risks to system restoration bond holders of any adverse impact resulting from a bankruptcy proceeding of its parent or any affiliate;
 - (b) the right to impose and collect system restoration charges that are nonbypassable and which must be trued-up at least annually, but may be trued-up more frequently under certain circumstances, to assure the timely payment of the debt service and other ongoing qualified costs;
 - (c) additional collateral in the form of a collection account that includes a capital subaccount funded in cash in an amount equal to not less than 0.5% of the original principal amount of the system restoration bonds and other subaccounts resulting in greater certainty of payment of interest and principal to investors and that are consistent with the IRS requirements that must be met to receive the desired federal income tax treatment for the system restoration bond transaction;
 - (d) protection of system restoration bondholders against potential defaults by a servicer or REPs that are responsible for billing and collecting the system restoration charges from existing or future retail customers;
 - (e) benefits for federal income tax purposes including (i) the transfer of the rights under this Financing Order to BondCo not resulting in gross income to AEP Texas and

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 60 of 127

Docket No. 49308 Financing Order Page 57 of 86

the future revenues under the system restoration charges being included in AEP Texas's gross income under its usual method of accounting, (ii) the issuance of the system restoration bonds and the transfer of the proceeds of the system restoration bonds to AEP Texas not resulting in gross income to AEP Texas, and (iii) the system restoration bonds constituting obligations of AEP Texas;

- (f) the system restoration bonds will be marketed using proven underwriting and marketing processes, through which market conditions and investors' preferences, with regard to the timing of the issuance, the terms and conditions, related maturities, and other aspects of the structuring and pricing, will be determined, evaluated and factored into the structuring and pricing of the system restoration bonds; and
- (g) furnishing timely information to the Commission's designated representative to allow the Commission through the issuance advice letter process to ensure that the structuring and pricing of the system restoration bonds result in the lowest system restoration bond charges consistent with market conditions and the terms of this Financing Order.
- 96. AEP Texas's proposed transaction structure is necessary to enable the system restoration bonds to obtain the highest possible bond credit rating, ensures that the structuring and pricing of the system restoration bonds will result in the lowest system restoration bond charges consistent with market conditions and the terms of this Financing Order, ensures the greatest benefit to ratepayers consistent with market conditions and the terms of this Financing Order, and protects the competitiveness of the retail electric market.
- 97. To ensure that ratepayers receive the tangible and quantifiable economic benefits due from the proposed securitization and so that the proposed system restoration bond transaction will be in accordance with the standards set forth in PURA §§ 36.401, 36.403, 39.301 and 39.303, it is necessary that (i) the issuance advice letter demonstrates that the transaction is expected to provide benefits to customers on both the total revenue (i.e., nominal) and present value bases compared to collection of the securitized balance through conventional financing, (ii) the scheduled final payment of the last tranche of system restoration bonds will not exceed 14 years (although the legal final maturity of the system restoration bonds

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 61 of 127

Docket No. 49308 Financing Order Page 58 of 86

may extend to 15 years), (iii) the amortization of the system restoration bonds is structured to be in accordance with finding of fact numbers 58 and 59, and (iv) AEP Texas otherwise satisfies the requirements of this Financing Order.

98. To allow the Commission to fulfill its obligations under PURA related to the securitization approved in this Financing Order, it is necessary for AEP Texas, for each series of system restoration bonds issued, to certify to the Commission that the structure and pricing of that series results in the lowest system restoration bond charges consistent with (1) market conditions at the time that the system restoration bonds are priced and (2) the terms (including the specified amortization pattern) of this Financing Order and, if additional credit enhancements or arrangements to enhance marketability or reduce interest rate risks were used, to certify that they are expected to provide benefits in excess of their cost as required by finding of fact numbers 30 through 33 of this Financing Order.

D. Use of Proceeds

Upon the issuance of system restoration bonds, BondCo will use the net proceeds from the sale of the system restoration bonds (after payment of up-front qualified costs) to pay to AEP Texas the purchase price of the transition property. The proceeds from the sale of the transition property will be applied by AEP Texas to reduce its recoverable system restoration costs. The proposed accounting entries will result in removal of the regulatory asset representing the distribution portion of recoverable system restoration costs from AEP Texas's books. Thereafter, bond proceeds will be used to repay any outstanding short-term debt at AEP Texas and to fund capital expenditures to support utility operations and services. The specific application of the proceeds will be determined by market conditions and AEP Texas's expected future expenditures at the time the proceeds are received.

E. Informal Disposition

- 100. More than 15 days have passed since the completion of notice provided in this docket.
- 101. AEP Texas, ARM, and Commission Staff are the only parties to this proceeding.
- 102. No party requested a hearing and no hearing is needed.
- 103. Commission Staff recommended approval of the application.

Docket No. 49308 Financing Order Page 59 of 86

104. This decision is not adverse to any party.

IV. Conclusions of Law

The Commission makes the following conclusions of law.

- 1. AEP Texas is a public utility, as defined in PURA § 11.004, an electric utility, as defined in PURA § 31.002(6), and a transmission and distribution utility as defined in PURA § 31.002(19).
- 2. AEP Texas is entitled to file an application for a financing order under PURA § 36.401.
- 3. The Commission has jurisdiction and authority over AEP Texas's application under PURA §§ 14.001, 32.001, 36.401 through 36.406, and 39.301 through 39.313.
- 4. The Commission has authority to approve this Financing Order under PURA chapter 36, subchapter I and chapter 39, subchapter G.
- 5. Notice of AEP Texas's application was provided in compliance with the Administrative Procedure Act⁶⁴ and 16 Texas Administrative Code (TAC) §§ 22.54 and 22.55.
- 6. This application does not constitute a major rate proceeding as defined by 16 TAC § 22.2.
- 7. PURA chapter 36, subchapter I allows an electric utility to securitize its system restoration costs as determined in separate proceedings under that subchapter.
- 8. BondCo will be an assignee as defined in PURA § 39.302(1) when an interest in the transition property created under this Financing Order is transferred, other than as security, to BondCo.
- 9. The holders of the system restoration bonds and the indenture trustee will each be a financing party as defined in PURA § 39.302(3).
- 10. BondCo may issue system restoration bonds in accordance with this Financing Order.
- 11. The securitization approved in this Financing Order results in the removal of the regulatory asset representing the distribution-related portion of system restoration costs from AEP Texas's books and satisfies the requirement of PURA § 36.401(a) dictating that the

⁶⁴ Administrative Procedure Act, Tex. Gov't Code §§ 2001.001–.902.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 63 of 127

Docket No. 49308 Financing Order Page 60 of 86

proceeds of the system restoration bonds must be used solely for the purposes of reducing the amount of recoverable system restoration costs, including the refinancing or retirement of utility debt or equity.

- 12. The securitization approved in this Financing Order satisfies the requirement of PURA § 36.401(b)(2) mandating that the securitization provides tangible and quantifiable benefits to ratepayers greater than would have been achieved absent the issuance of system restoration bonds. Consistent with fundamental financial principles, this requirement in PURA § 36.401 can only be determined using an economic analysis to account for the time value of money. An analysis that compares in the aggregate over the expected life of the system restoration bonds, the present value of the revenue requirement associated with use of conventional financing to the present value of the revenue required under securitization is an appropriate economic analysis to demonstrate whether securitization provides economic benefits to ratepayers.
- 13. PURA § 36.402(b) specifies that system restoration costs include carrying costs at the utility's weighted average cost of capital as last approved by the Commission in a general rate proceeding from the date the system restoration costs were incurred until they are recovered. As a result, for purposes of the present value, nominal revenue, and other financial tests, it is necessary to compute the revenue requirements associated with non-securitized rates reflecting conventional utility financing using a weighted average cost of capital of 7.4992%, which is the weighted average cost of capital last approved in an AEP Texas general rate proceeding.
- 14. BondCo's issuance of the system restoration bonds approved in this Financing Order in compliance with the criteria established by this Financing Order satisfies the requirement of PURA § 39.301 prescribing that the structuring and pricing of the system restoration bonds will result in the lowest system restoration charges consistent with market conditions and the terms of this Financing Order.
- 15. The amount approved in this Financing Order for securitization does not exceed the present value of the revenue requirement over the life of the system restoration bonds approved in this Financing Order that are associated with the costs sought to be securitized, as required by PURA § 39.301.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 64 of 127

Docket No. 49308 Financing Order Page 61 of 86

- 16. The securitization approved in this Financing Order satisfies the requirements of PURA § 39.303(a) directing that the total amount of revenues to be collected under this Financing Order be less than the revenue requirement that would be recovered using conventional financing methods and that this Financing Order be in accordance with the standards of PURA § 39.301.
- 17. Under PURA §§ 36.401, 36.403, 39.301 and 39.303, the Commission has the ability to prohibit different financial options relating to the system restoration bonds if the evidence supports the finding that the financial option will not or is unlikely to result in the lowest system restoration charges consistent with market conditions.
- 18. This Financing Order adequately details the amount to be recovered and the period over which AEP Texas will be permitted to recover nonbypassable system restoration charges in accordance with the requirements of PURA §§ 36.403 and 36.404. System restoration charges related to a series of system restoration bonds may not be collected after 15 years from the date of issuance of that series of bonds. This provision does not preclude the servicer from recovering system restoration charges attributable to service rendered during the 15-year period but remaining unpaid at the end of the 15-year period.
- 19. The method approved in this Financing Order for collecting and allocating the system restoration charges satisfies the requirements of PURA § 36.403(g).
- 20. As provided in PURA § 39.303(d), this Financing Order, together with the system restoration charges authorized by this Financing Order, is irrevocable and not subject to reduction, impairment, or adjustment by further act of the Commission, except for the true-up procedures approved in this Financing Order, as required by PURA § 39.307; provided, however, that such irrevocability must not preclude the Commission from extending the deadline for issuance of system restoration bonds if requested to do so by AEP Texas.
- 21. As provided in PURA § 39.304(a), the rights and interests of AEP Texas or its successor under this Financing Order, including the right to impose, collect, and receive the system restoration charges authorized in this Financing Order, are assignable and become transition property when they are first transferred to BondCo.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 65 of 127

Docket No. 49308 Financing Order Page 62 of 86

- 22. The rights, interests, and property conveyed to BondCo in the transition property purchase and sale agreement and the related bill of sale, including the irrevocable right to impose, collect, and receive system restoration charges and the revenues and collections from system restoration charges, are transition property within the meaning of PURA §§ 39.302(8) and 39.304.
- 23. Transition property will constitute a present property right for purposes of contracts concerning the sale or pledge of property, even though the imposition and collection of the system restoration charges depend on further acts by AEP Texas or others that have not yet occurred, as provided by PURA § 39.304(b).
- 24. All revenues and collections resulting from the system restoration charges will constitute proceeds only of the transition property arising from this Financing Order, as provided by PURA § 39.304(c).
- 25. Upon the transfer by AEP Texas of transition property to a BondCo, the BondCo will have all of the rights, title, and interest of AEP Texas with respect to such transition property, including the right to impose, collect, and receive the system restoration charges authorized by the Financing Order.
- 26. The system restoration bonds issued under this Financing Order will be transition bonds within the meaning of PURA §§ 36.403(e) and 39.302(6), and the system restoration bonds and holders thereof are entitled to all of the protections provided under chapter 36, subchapter I and chapter 39, subchapter G of PURA.
- Amounts that are required to be paid to the servicer as system restoration charges under this Financing Order or the tariffs approved hereby are transition charges as defined in PURA §§ 36.403(f) and 39.302(7), and the amounts collected from retail customers with respect to such system restoration charges are transition charges as defined in PURA §§ 36.403(f) and 39.302(7), whether or not such charges are set out as a separate line item on the retail customer's bill.
- 28. Any payment of system restoration charges by a retail customer to its REP, to another entity responsible for collecting system restoration charges from retail customers under this Financing Order or the tariffs approved hereunder, or directly to the servicer will discharge

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 66 of 127

Docket No. 49308 Financing Order Page 63 of 86

the retail customer's obligations in respect of that payment, but will not discharge the obligations of any REP or other entity responsible for collecting system restoration charges from retail customers under this Financing Order to remit such payments to the servicer of the system restoration bonds on behalf of a BondCo or an assignee or its obligations to pay amounts determined through subsequent true-up adjustments.

- 29. As provided in PURA § 39.305, the interests of an assignee, the holders of system restoration bonds, and the indenture trustee in transition property and in the revenues and collections arising from that property are not subject to setoff, counterclaim, surcharge, or defense by AEP Texas or any other person or in connection with the bankruptcy of AEP Texas or any other entity.
- 30. The methodology approved in this Financing Order to true-up the system restoration charges satisfies the requirements of PURA §§ 36.401 and 39.307.
- 31. If and when AEP Texas transfers to a BondCo the right to impose, collect, and receive the system restoration charges and to issue the system restoration bonds, the servicer will be able to recover the system restoration charges associated with such transition property only for the benefit of the BondCo and the holders of the system restoration bonds in accordance with the servicing agreement.
- 32. If and when AEP Texas transfers its rights under this Financing Order to a BondCo under an agreement that expressly states that the transfer is a sale or other absolute transfer in accordance with the true-sale provisions of PURA § 39.308, then, in accordance with that statutory provision, that transfer will be a true sale of an interest in transition property and not a secured transaction or other financing arrangement and title, legal and equitable, to the transition property will pass to the BondCo. As provided by PURA § 39.308, this true sale must apply regardless of whether the purchaser has any recourse against the seller, or any other term of the parties' agreement, including the seller's retention of an equity interest in the transition property, AEP Texas's role as the collector of system restoration charges relating to the transition property, or the treatment of the transfer as a financing for tax, financial reporting, or other purposes.
- 33. As provided in PURA § 39.309(b), a valid and enforceable lien and security interest in the transition property in favor of the holders of the system restoration bonds or a trustee on

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 67 of 127

Docket No. 49308 Financing Order Page 64 of 86

their behalf will be created by this Financing Order and the execution and delivery of a security agreement with the holders of the system restoration bonds or a trustee on their behalf in connection with the issuance of the system restoration bonds. The lien and security interest will attach automatically from the time that value is received for the system restoration bonds and, on perfection through the filing of notice with the secretary of state in accordance with the rules prescribed by the secretary of state under PURA § 39.309(d), will be a continuously perfected lien and security interest in the transition property and all proceeds of the transition property, whether accrued or not, will have priority in the order of filing and will take precedence over any subsequent judicial or other lien creditor.

- As provided in PURA § 39.309(c), the transfer of an interest in transition property to an assignee will be perfected against all third parties, including subsequent judicial or other lien creditors, when this Financing Order becomes effective, transfer documents have been delivered to that assignee, and a notice of that transfer has been filed in accordance with the rules prescribed by the secretary of state under PURA § 39.309(d); provided, however, that if notice of the transfer has not been filed in accordance with this process within 10 days after the delivery of transfer documentation, the transfer of the interest will not be perfected against third parties until the notice is filed. The transfer to a BondCo of AEP Texas's rights under this Financing Order will be a transfer of an interest in transition property for purposes of PURA § 39.309(c).
- As provided in PURA § 39.309(e), the priority of a lien and security interest perfected in accordance with PURA § 39.309 will not be impaired by any later change in the system restoration charges under PURA § 39.307 or by the commingling of funds arising from system restoration charges with other funds, and any other security interest that may apply to those funds will be terminated when they are transferred to a segregated account for an assignee or a financing party. To the extent that system restoration charges are not collected separately from other funds owed by REPs, the amounts to be remitted to such segregated account for an assignee or a financing party may be determined according to system-wide charge off percentages, collection curves or such other reasonable methods of estimation, as are set forth in the servicing agreement.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 68 of 127

Docket No. 49308 Financing Order Page 65 of 86

- 36. As provided in PURA § 39.309(e), if transition property is transferred to an assignee, any proceeds of the transition property will be treated as held in trust for the assignee.
- As provided in PURA § 39.309(f), if a default or termination occurs under the system restoration bonds, the financing parties or their representatives may foreclose on or otherwise enforce their lien and security interest in the relevant transition property as if they were secured parties under chapter 9 of the Texas Business and Commerce Code, and, upon application by or on behalf of the financing parties, the Commission may order that amounts arising from the related system restoration charges be transferred to a separate account for the financing parties' benefit, to which their lien and security interest may apply.
- 38. As provided in PURA § 39.309(f), if a default or termination occurs under the system restoration bonds, on application by or on behalf of the financing parties, a district court of Travis County, Texas, must order the sequestration and payment to those parties of revenues arising from the system restoration charges.
- 39. As provided by PURA § 39.310, the system restoration bonds authorized by this Financing Order are not a debt or obligation of the State of Texas and are not a charge on its full faith and credit or taxing power.
- 40. Under PURA § 39.310, the State of Texas has pledged for the benefit and protection of all financing parties and AEP Texas, that it will not take or permit any action that would impair the value of transition property, or, except as permitted by PURA § 39.307, reduce, alter or impair the system restoration charges to be imposed, collected, and remitted to any financing parties, until the principal, interest and premium, and any other charges incurred and contracts to be performed in connection with the system restoration bonds have been paid and performed in full. A BondCo, in issuing system restoration bonds, is authorized under PURA § 39.310 and this Financing Order to include this pledge in any documentation relating to the system restoration bonds.
- 41. As provided in PURA § 39.311, transactions involving the transfer and ownership of the transition property and the receipt of system restoration charges are exempt from state and local income, sales, franchise, gross receipts, and other taxes or similar charges.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 69 of 127

Docket No. 49308 Financing Order Page 66 of 86

- 42. This Financing Order will remain in full force and effect and unabated notwithstanding the bankruptcy of AEP Texas, its successors, or assignees.
- 43. AEP Texas retains sole discretion regarding whether or when to assign, sell, or otherwise transfer the rights and interests created by this Financing Order or any interest therein, or to cause the issuance of any system restoration bonds authorized by this Financing Order, subject to the right of the Commission, acting through its designated representative to participate in the structuring, pricing, and marketing of the system restoration bonds, and the Commission's authority through the issuance advice letter process to find that the proposed issuance does not comply with the requirements of PURA and this Financing Order.
- 44. This Financing Order is final, is not subject to rehearing by this Commission, and is not subject to review or appeal, except as expressly provided in PURA §§ 36.405(g) and 39.303(f). The finality of this Financing Order is not impaired in any manner by the participation of the Commission through its designated representative in any decisions related to issuance of the system restoration bonds or by the Commission's review of or issuance of an order related to the issuance advice letter required to be filed with the Commission by this Financing Order.
- 45. This Financing Order meets the requirements for a financing order under chapter 36, subchapter I and chapter 39, subchapter G of PURA.
- 46. The true-up mechanism, and all other obligations of the State of Texas and the Commission set forth in this Financing Order, are direct, explicit, irrevocable, and unconditional upon issuance of the system restoration bonds and are legally enforceable against the State of Texas and the Commission in accordance with Texas law.
- 47. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding except for 16 TAC § 22.35(b)(2), which requires that the proposed order to be served on all parties no less than 20 days before the Commission is scheduled to consider the application in an open meeting. Under 16 TAC § 22.5(b), good cause exists to waive the requirements of 16 TAC § 22.35(b)(2).

Docket No. 49308 Financing Order Page 67 of 86

V. Ordering Paragraphs

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

A. Approval

- 1. **Approval of Application**. The application of AEP Texas for the issuance of a financing order under PURA §§ 36.403 and 39.303 is approved, as provided in this Financing Order.
- 2. Authority to Securitize. AEP Texas is authorized in accordance with this Financing Order to securitize and to cause the issuance of system restoration bonds with a principal amount equal to the sum of (a) the Securitizable Balance at the time the system restoration bonds are issued plus (b) up-front qualified costs not to exceed \$3,650,241 plus (i) the cost of original issue discount, credit enhancements and other arrangements to enhance marketability as discussed in ordering paragraphs 6 and 23, (ii) rating agency fees, (iii) United States Securities and Exchange Commission registration fees, (iv) the cost of the Commission's financial advisor and its legal counsel, if any, and any additional costs incurred by AEP Texas to comply with the requests and recommendations of the Commission's financial advisor, and (v) any costs incurred by AEP Texas if this Financing Order is appealed; however, no component of the capped up-front qualified costs will be subject to an individual cap. The securitizable balance as of any given date is equal to the balance of distribution-related system restoration costs as determined in Docket No. 48577 plus carrying costs accruing on that balance at 7.4992% through the date the system restoration bonds are issued and minus all insurance proceeds, government grants and other sources of funding that compensate AEP Texas for the distribution-related system restoration costs received by AEP Texas at the time of the application for this Financing Order, and a further offset utilizing certain prescribed excess unprotected ADFIT, all as determined in Docket No. 48577. If the actual up-front qualified costs are less than the upfront qualified costs included in the principal amount securitized, the periodic billing requirement for the first annual true-up adjustment must be reduced by the amount of such unused funds (together with interest, if any, earned from the investment of such funds). If the final up-front qualified costs are more than the up-front qualified costs included in the principal amount securitized, AEP Texas may request recovery of the remaining up-front qualified costs through a surcharge to AEP Texas's rates for service at distribution voltage;

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 71 of 127

Docket No. 49308 Financing Order Page 68 of 86

provided, however, AEP Texas may not request recovery of amounts that would cause the aggregate recoverable amounts for capped costs to exceed the cap on up-front qualified costs set forth in this Financing Order.

- 3. Accumulated Deferred Federal Income Tax Benefit. AEP Texas must calculate and place into effect, contemporaneous with the implementation of system restoration charges, the ADFIT-credit rider as described in finding of fact numbers 18 through 21. The ADFIT-credit rider must be subject to adjustment, as necessary, to accurately reflect the amount of ADFIT benefit available over the period of the rider's existence, through a filing submitted by AEP Texas at the same time it submits its periodic system restoration charge true-up adjustment filings. Implementation and adjustment of the ADFIT credit rider must use the same allocation factors and billing determinants as the system restoration charge implementation and true-up adjustment filings. The ADFIT benefits associated with such system restoration costs must not be applied to reduce the securitizable balance, nor must the ADFIT balance associated with such system restoration costs be used to reduce rate base in future proceedings. The ADFIT-credit rider and obligation to provide the ADFIT credit must not be transferred to the special purpose entity being created to issue the bonds, must not be or become transition property as defined in PURA § 39.302(8), but must be and remain a separate unsecuritized rate credit of AEP Texas.
- 4. **Recovery of System Restoration Charges.** AEP Texas must impose on, and the servicer must collect from, REPs serving all existing and future retail customers located within AEP Texas's central division service area as it exists on the date of this Financing Order and other entities which, under the terms of this order or the tariffs approved hereby, are required to bill, pay, or collect system restoration charges, as provided in this Financing Order, system restoration charges in an amount sufficient to provide for the timely recovery of its aggregate qualified costs detailed in this Financing Order (including payment of principal and interest on the system restoration bonds). REPs and other entities responsible for collecting system restoration charges from retail customers under this Financing Order must pay the system restoration charges billed to them whether or not they collect the system restoration charges from their retail customers.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 72 of 127

Docket No. 49308 Financing Order Page 69 of 86

- 5. **Provision of Information.** AEP Texas must take all necessary steps to ensure that the Commission or its designated representative is provided sufficient and timely information to allow the Commission or its designated representative to fully participate in and exercise its decision making authority over the proposed securitization as provided in this Financing Order.
- 6. **Issuance Advice Letter.** For each series of system restoration bonds issued, AEP Texas must submit a draft issuance advice letter to the Commission Staff for review not later than two weeks before the expected date of commencement of marketing the system restoration bonds. With the approval of the Commission's designated representative, the actual date of the commencement of marketing may be a date other than the expected date. Within one week after receipt of the draft issuance advice letter, Commission Staff must provide AEP Texas comments and recommendations regarding the adequacy of the information provided. Not later than the end of the first business day after the pricing of the system restoration bonds and before issuance of the system restoration bonds, AEP Texas, in consultation with the Commission acting through its designated representative, must file with the Commission an issuance advice letter in substantially the form of the issuance advice letter attached as appendix A to this Financing Order. As part of the issuance advice letter, AEP Texas, through an officer of AEP Texas, must provide a certification worded precisely as the statement in the form of issuance advice letter approved by the Commission. The issuance advice letter must be completed, must evidence the actual dollar amount of the initial system restoration charges and other information specific to the system restoration bonds to be issued, and must certify to the Commission that the structure and pricing of that series results in the lowest system restoration charges consistent with market conditions at the time that the system restoration bonds are priced and with the terms set out in this Financing Order. In addition, if original issue discount, additional credit enhancements, or arrangements to enhance marketability are used, the issuance advice letter must include certification that the original issue discount, additional credit enhancements, or other arrangements are reasonably expected to provide benefits as required by this Financing Order. All amounts which require computation must be computed using the mathematical formulas contained in the form of the issuance advice letter in appendix A to this Financing Order and schedule SRC approved in this Financing

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 73 of 127

Docket No. 49308 Financing Order Page 70 of 86

Order. Electronic spreadsheets with the formulas supporting the schedules contained in the issuance advice letter must be included with such letter. The Commission's review of the issuance advice letter must be limited to the arithmetic accuracy of the calculations and to compliance with PURA, this Financing Order, and the specific requirements that are contained in the issuance advice letter. The initial system restoration charges and the final terms of the system restoration bonds set forth in the issuance advice letter must become effective on the date of issuance of the system restoration bonds (which must not occur before the fifth business day after pricing) unless before noon on the fourth business day after pricing the Commission issues an order finding that the proposed issuance does not comply with the requirements set forth above in this ordering paragraph.

7. **Approval of Tariff**. The form of schedule SRC and rider SRC attached as appendix B to this order is approved. Before the issuance of any system restoration bonds under this Financing Order, AEP Texas must file a tariff that conforms to the form of the schedule SRC and rider SRC tariff provisions attached to this Financing Order.

B. System Restoration Charges

8. Imposition and Collection. AEP Texas is authorized to impose on, and the servicer is authorized to collect from, REPs serving all existing and future retail customers located within AEP Texas's central division service area as it existed on the date this Financing Order is issued and other entities which, under the terms of this Financing Order or the tariffs approved hereby, are required to bill, pay, or collect system restoration charges, system restoration charges in an amount sufficient to provide for the timely recovery of the aggregate periodic payment requirements (including payment of principal and interest on the system restoration bonds), as approved in this Financing Order. If there is a shortfall in payment of an amount billed, the amount paid must first be apportioned ratably between the system restoration charges and other fees and charges (including transition charges attributable to the transition bonds issued by AEP Texas Central Transition Funding II LLC in October 2006 in accordance with the financing order in Docket No. 32475, and the transition bonds issued by AEP Texas Central Transition Funding III LLC in March 2012 in accordance with the financing order in Docket No. 39931 and future transition charges or system restoration charges associated with transition bonds or system restoration bonds

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 74 of 127

Docket No. 49308 Financing Order Page 71 of 86

issued under future financing orders), other than late fees, and second, any remaining portion of the payment must be allocated to late fees.

- 9. **BondCo's Rights and Remedies.** Upon the transfer by AEP Texas of the transition property to a BondCo, the BondCo must have all of the rights, title, and interest of AEP Texas with respect to such transition property, including, without limitation, the right to exercise any and all rights and remedies with respect thereto, including the right to authorize disconnection of electric service and to assess and collect any amounts payable by any retail customer in respect of the transition property. If system restoration bonds are issued in more than one series, then the transition property transferred as a result of each issuance must be only those rights associated with that portion of the total amount authorized to be securitized under this Financing Order, which is securitized by such issuance. The rights to impose, collect, and receive system restoration charges along with the other rights arising under this Financing Order as they relate to any portion of the total amount authorized to be securitized that remains unsecuritized must remain with AEP Texas and must not become transition property until transferred to a BondCo in connection with a subsequent issuance of system restoration bonds.
- 10. Collector of System Restoration Charges. AEP Texas or any subsequent servicer of the system restoration bonds must bill a customer's REP or other entity, which, under the terms of this Financing Order or the tariffs approved hereby, is required to bill or collect system restoration charges for the system restoration charges attributable to that customer. REPs and other entities responsible for collecting system restoration charges from retail customers under this Financing Order must pay the system restoration charges billed to them less the charge off allowance as provided in finding of fact number 55(j) whether or not they collect the system restoration charges from their retail customers.
- 11. **Collection Period.** The system restoration charges related to a series of system restoration bonds must be designed to be collected over the scheduled life of the system restoration bonds, which may not exceed 14 years. However, to the extent that any amounts are not recovered at the end of this period, AEP Texas may continue to recover them over a period ending not more than 15 years from the date of issuance of that series of system restoration bonds. Amounts remaining unpaid after this 15-year period may be recovered but only to

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 75 of 127

Docket No. 49308 Financing Order Page 72 of 86

the extent that the charges are attributable to system restoration charges allocable to the 15-year period.

- 12. **Allocation**. AEP Texas must allocate the system restoration charges among customer classes in the manner described in this Financing Order.
- 13. **Nonbypassability.** AEP Texas and any other entity providing electric distribution services and any REP providing services to any retail customer within AEP Texas's certificated service area as it existed on the date this Financing Order is issued are entitled to collect and must remit, in accordance with this Financing Order, the system restoration charges from such retail customers, including certain customers in a multiply-certificated service area that switch services providers as described in finding of fact number 73 and certain retail customers that switch to certain new on-site generation as described in finding of fact number 74. The Commission will ensure that such obligations are undertaken and performed by AEP Texas, any other entity providing electric distribution services within AEP Texas's certificated service area as it exists on the date this Financing Order is issued, and any REP providing services to any retail customer within such certificated service area.
- 14. **True-Ups.** True-ups of the system restoration charges, including non-standard true-ups, must be undertaken and conducted as described in schedule SRC. The servicer must file the true-up adjustments in a compliance docket and must give notice of the filing to all parties in this docket. If system restoration bonds are issued in more than one series, then each series will be subject to separate true-up adjustments under PURA and this Financing Order, provided, however, that more than one series may be trued-up in a single proceeding.
- 15. **Ownership Notification.** Any entity that bills system restoration charges to retail customers must, at least annually, provide written notification to each retail customer for which the entity bills system restoration charges that the system restoration charges are the property of BondCo and not of the entity issuing such bill.

C. System Restoration Bonds

16. **Issuance.** AEP Texas is authorized through one or more BondCos to issue one or more series of system restoration bonds as specified in this Financing Order. The ongoing qualified costs described in appendix C may be recovered directly through the system

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 76 of 127

Docket No. 49308 Financing Order Page 73 of 86

restoration charges. The system restoration bonds must be denominated in United States Dollars.

- 17. **Up-Front Qualified Costs.** AEP Texas may securitize up-front qualified costs in accordance with the terms of this Financing Order, which provides that the total amount for up-front qualified cost must not exceed \$3,650,241 plus (i) the cost of original issue discount, credit enhancements and other arrangements to enhance marketability as discussed in ordering paragraphs 6 and 23, (ii) rating agency fees, (iii) United States Securities and Exchange Commission registration fees, (iv) the cost of the Commission's financial advisor and its legal counsel, if any, and any additional costs incurred by AEP Texas to comply with the requests and recommendations of the Commission's financial advisor, and (v) any costs incurred by AEP Texas if this Financing Order is appealed. No individual cap will apply to any component of up-front qualified costs included in the \$3,650,241 described above.
- 18. Ongoing Qualified Costs. AEP Texas may recover its actual ongoing qualified costs through its system restoration charges, subject to the caps on the servicing fees and administrative fees (which are applicable as long as AEP Texas serves as servicer or administrator, as applicable) set forth in finding of fact number 23 and appendix C to this Financing Order. Ongoing qualified costs other than the servicing and administrative fees of AEP Texas as servicer and administrator are not capped by this Financing Order. Ongoing qualified costs also include an annual return at the authorized pre-tax return on equity determined in AEP Texas's most recent base-rate case on the amount, if any, of invested capital in excess of 0.5% of the principal amount of each series of bonds as discussed in finding of fact number 63. The amount of ongoing qualified costs is subject to updating in the issuance advice letter to reflect a change in the size of the system restoration bond issuance and any decision to issue the bonds in more than one series and other information available at the time of submission of the issuance advice letter. As provided in ordering paragraph 32, a servicer, other than AEP Texas, may collect a servicing fee higher than that set forth in appendix C to this Financing Order, if such higher fee is approved by the Commission and the indenture trustee.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 77 of 127

Docket No. 49308 Financing Order Page 74 of 86

- 19. **Refinancing.** AEP Texas or any assignee may apply for one or more new financing orders under PURA § 39.303(g).
- 20. **Collateral.** All transition property and other collateral must be held and administered by the indenture trustee under the indenture as described in AEP Texas's application. BondCo must establish a collection account with the indenture trustee as described in finding of fact numbers 60 through 65. Upon payment of the principal amount of all system restoration bonds authorized in this Financing Order and the discharge of all obligations in respect thereof, all amounts in the collection account, including investment earnings, other than amounts in the capital subaccount, must be released by the indenture trustee to BondCo for distribution in accordance with ordering paragraph 21. AEP Texas must notify the Commission within 30 days after the date that these funds are eligible to be released of the amount of such funds available for crediting to the benefit of ratepayers.
- 21. Distribution Following Repayment. Following repayment of the system restoration bonds authorized in this Financing Order and release of the funds held by the trustee, the servicer, on behalf of BondCo, must distribute to REPs and other entities responsible for collection of system restoration charges from retail customers, the final balance of the general, excess funds, and all other subaccounts (except the capital subaccount), whether such balance is attributable to principal amounts deposited in such subaccounts or to interest thereon, remaining after all other qualified costs have been paid. The amounts must be distributed to each REP and other entity that paid schedule SRC system restoration charges during the last 12 months that the schedule SRC system restoration charges were in effect. BondCo or its successor in interest to the transition property must, to the extent the capital subaccount is not depleted below its original amount, also distribute to REPs and other entities responsible for collection of system restoration charges from retail ratepayers any subsequently collected system restoration charges. The amount paid to each REP or other entity must be determined by multiplying the total amount available for distribution by a fraction, the numerator of which is the total schedule SRC system restoration charges paid by the REP or other entity during the last 12 months schedule SRC charges were in effect and the denominator of which is the total schedule SRC system restoration charges paid by all REPs and other entities responsible for collection of system

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 78 of 127

Docket No. 49308 Financing Order Page 75 of 86

restoration charges from retail customers during the last 12 months the schedule SRC system restoration charges were in effect.

- 22. **Funding of Capital Subaccount.** The capital contribution by AEP Texas to be deposited into the capital subaccount must, with respect to each BondCo and series of system restoration bonds, be funded by AEP Texas and not from the proceeds of the sale of system restoration bonds. Upon payment of the principal amount of all system restoration bonds and the discharge of all obligations in respect thereof, all amounts in the capital subaccount, including investment earnings, and any amounts required to replenish the capital subaccount to the level of AEP Texas's capital contribution, and any unpaid authorized return on capital contributions in excess of 0.5% of the original principal amount of the system restoration bonds, if any, for a series of system restoration bonds must be released to BondCo for payment to AEP Texas. Investment earnings in this subaccount and authorized return on capital contributions in excess of 0.5% of the original principal amount of the system restoration bonds, if any, may be released earlier in accordance with the indenture.
- 23. Original Issue Discount, Credit Enhancement. AEP Texas may provide original issue discount or provide for various forms of credit enhancement, including letters of credit, an overcollateralization subaccount or other reserve accounts, surety bonds, and other mechanisms designed to promote the credit quality or marketability of the system restoration bonds to the extent not prohibited by this Financing Order. The decision to use such arrangements to enhance credit or promote marketability must be made in conjunction with the Commission acting through its designated representative. AEP Texas may not enter into an interest rate swap, currency hedge, or interest rate hedging arrangement. AEP Texas may include the costs of original issue discount, credit enhancements or other arrangements to promote credit quality or marketability as qualified costs only if AEP Texas certifies that such arrangements are reasonably expected to provide benefits greater than their cost and such certifications are agreed with by the Commission's designated representative. AEP Texas must not be required to enter any arrangements to promote credit quality or marketability unless all related costs and liabilities can be included in qualified costs. AEP Texas and the Commission's designated representative must evaluate

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 79 of 127

Docket No. 49308 Financing Order Page 76 of 86

the relative benefits of the arrangements in the same way that benefits are quantified under the quantifiable benefits test. This ordering paragraph does not apply to the collection account or its subaccounts approved in this Financing Order.

- 24. **Annual Weighted-Average Interest Rate of Bonds.** The effective weighted-average interest rate of the system restoration bonds, excluding up-front and ongoing costs, must not exceed 6.00%.
- 25. **Life of Bonds.** The scheduled final payment of the system restoration bonds authorized by this Financing Order must not exceed 14 years.
- 26. **Amortization Schedule.** The system restoration bonds must be structured to provide a system restoration charge that is based on substantially levelized annual revenue requirements over the expected life of the system restoration bonds and utilize consistent allocation factors across rate classes, subject to modification in accordance with the true-up mechanisms adopted in this Financing Order. The structure employing substantially levelized annual revenue requirements will allow the resulting system restoration charges to remain level or decline over time, if billing determinants remain level or grow. If the system restoration bonds are issued in more than one series, each series must meet the requirement of substantially levelized annual revenue requirements.
- 27. Commission Participation in Bond Issuance. The Commission, acting through its designated representative, must participate directly with AEP Texas in negotiations regarding the structuring, pricing, and marketing, and must have equal rights with AEP Texas to approve or disapprove the proposed structuring, pricing, and marketing of the system restoration bonds. The Commission's designated representative must have the right to participate fully and in advance regarding all aspects of the structuring, pricing, and marketing of the system restoration bonds (and all parties must be notified of the designated representative's role), and must be provided timely information that is necessary to fulfill its obligation to the Commission. The Commission directs its designated representative to advise the Commission of any proposal that does not comply in any material respect with the criteria established in this Financing Order and to promptly inform AEP Texas and the Commission of any items that, in the designated representative's opinion, are not reasonable. Although this Financing Order is written in the context of an underwritten

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 80 of 127

Docket No. 49308 Financing Order Page 77 of 86

offering, nothing herein must be construed to preclude issuance of the system restoration bonds through a competitive bid offering or private placement if AEP Texas and the Commission's designated representative agree that AEP Texas should do so. The Commission's designated representative must notify AEP Texas and the Commission no later than 12:00 p.m. central standard time on the business day after the Commission's receipt of the issuance advice letter for each series of system restoration bonds whether the structuring, marketing, and pricing of that series of system restoration bonds comply with the criteria established in this Financing Order.

28. **Use of BondCo.** AEP Texas must use BondCo, a special purpose transition funding entity as proposed in its application, in conjunction with the issuance of a series of system restoration bonds authorized under this Financing Order. BondCo must be funded with an amount of capital that is sufficient for BondCo to carry out its intended functions and to avoid the possibility that AEP Texas would have to extend funds to BondCo in a manner that could jeopardize the bankruptcy remoteness of BondCo. AEP Texas may create more than one BondCo in which event, the rights, structure, and restrictions described in this Financing Order with respect to BondCo would be applicable to each purchaser of transition property to the extent of the transition property sold to it and the system restoration bonds issued by it.

D. Servicing

29. Servicing Agreement. The Commission authorizes AEP Texas to enter into the servicing agreement with BondCo and to perform the servicing duties approved in this Financing Order. Without limiting the foregoing, in its capacity as initial servicer of the transition property, AEP Texas is authorized to calculate, bill and collect for the account of BondCo, the system restoration charges initially authorized in this Financing Order, as adjusted from time to time to meet the periodic payment requirements as provided in this Financing Order; and to make such filings and take such other actions as are required or permitted by this Financing Order in connection with the periodic true-ups described in this Financing Order. The servicer must be entitled to collect servicing fees in accordance with the provisions of the servicing agreement, provided that, as set forth in appendix C, the annual servicing fee payable to AEP Texas while it is serving as servicer (or to any other servicer affiliated with AEP Texas) must not at any time exceed 0.10% of the original principal

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 81 of 127

Docket No. 49308 Financing Order Page 78 of 86

amount of the system restoration bonds. The annual servicing fee payable to any other servicer not affiliated with AEP Texas must not at any time exceed 0.6% of the original principal amount of the system restoration bonds unless such higher rate is approved by the Commission under ordering paragraph 32. The servicing agreement must contain a recital clause that the Commission, or its attorney, will enforce the servicing agreement for the benefit of Texas ratepayers to the extent permitted by law. The servicing agreement must also include a provision that AEP Texas must indemnify the Commission (for the benefit of retail customers) in connection with any increase in servicing fees that become payable as a result of a default resulting from AEP Texas's willful misconduct, bad faith, or negligence in performance of its duties or observance of its covenants under the servicing agreement. The indemnity will be enforced by the Commission but will not be enforceable by any REP or retail customer.

- 30. Administration Agreement. The Commission authorizes AEP Texas to enter into an administration agreement with each BondCo to provide the services covered by the administration agreements in AEP Texas's prior securitization transactions. The fee charged by AEP Texas as administrator under that agreement must not exceed \$100,000 per annum per BondCo plus reimbursable third party costs.
- 31. **Servicing and Administration Agreement Revenues**. The servicing and administrative fees collected by AEP Texas, or any affiliate of AEP Texas, acting as either the servicer or the administrator under the servicing agreement or administration agreement, must be included as a revenue credit and reduce revenue requirements in each AEP Texas base-rate case. The expenses incurred by AEP Texas or such affiliate to perform obligations under the servicing agreement and the administration agreement must likewise be included as a cost of service in each AEP Texas base-rate case.
- 32. **Replacement of AEP Texas as Servicer.** Upon the occurrence of an event of default under the servicing agreement relating to servicer's performance of its servicing functions with respect to the system restoration charges, the financing parties may replace AEP Texas as the servicer in accordance with the terms of the servicing agreement. If the servicing fee of the replacement servicer will exceed the applicable maximum servicing fee specified in ordering paragraph 29, the replacement servicer must not begin providing service until

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 82 of 127

Docket No. 49308 Financing Order Page 79 of 86

- (i) the date the Commission approves the appointment of such replacement servicer or (ii) if the Commission does not act to either approve or disapprove the appointment, the date which is 45 days after notice of appointment of the replacement servicer is provided to the Commission. No entity may replace AEP Texas as the servicer in any of its servicing functions with respect to the system restoration charges and the transition property authorized by this Financing Order, if the replacement would cause any of the then current credit ratings of the system restoration bonds to be suspended, withdrawn, or downgraded.
- 33. Amendment of Agreements. The parties to the servicing agreement, administration agreement, indenture, and transition property purchase and sale agreement may amend the terms of such agreements; provided, however, that no amendment to any such agreement must increase the ongoing qualified costs without the approval of the Commission. Any amendment that does not increase the ongoing qualified costs must be effective without prior Commission authorization. Any amendment to any such agreement that may have the effect of increasing ongoing qualified costs must be provided by BondCo to the Commission along with a statement as to the possible effect of the amendment on the ongoing qualified costs. The amendment must become effective on the later of (i) the date proposed by the parties to the amendment or (ii) 31 days after such submission to the Commission unless the Commission issues an order disapproving the amendment within a 30-day period.
- 34. **Collection Terms.** The servicer must remit collections of the system restoration charges to BondCo or the indenture trustee for BondCo's account in accordance with the terms of the servicing agreement.
- 35. Contract to Provide Service. To the extent that any interest in the transition property created by this Financing Order is assigned, sold or transferred to an assignee, AEP Texas must enter into a contract with that assignee that requires AEP Texas to continue to operate its transmission and distribution system to provide electric services to AEP Texas's customers; provided, however, that this provision must not prohibit AEP Texas from selling, assigning, or otherwise divesting its transmission and distribution systems or any part thereof so long as the entities acquiring such system agree to continue operating the facilities to provide electric service to AEP Texas's customers.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 83 of 127

Docket No. 49308 Financing Order Page 80 of 86

36. **SEC Requirements.** Each REP or other entity responsible for collecting system restoration charges from retail customers must furnish to BondCo or AEP Texas or to any successor servicer information and documents necessary to enable BondCo or AEP Texas or any successor servicer to comply with their respective disclosure and reporting requirements, if any, with respect to the system restoration bonds under federal securities laws.

E. Retail Electric Providers

- 37. REP Billing and Credit Standards. The Commission approves the REP standards detailed in finding of fact number 55. These proposed REP standards relate only to the billing and collection of system restoration charges authorized under this Financing Order, and do not apply to collection of any other nonbypassable charges or other charges. The standards apply to all REPs other than REPs that have contracted with AEP Texas to have AEP Texas bill and collect system restoration charges from retail customers. REPs may contract with parties other than AEP Texas to bill and collect system restoration charges from retail customers, but such REPs must remain subject to these standards. Upon adoption of any amendment to the rules governing REP standards as set out in 16 TAC § 25.108, the Commission Staff must initiate a proceeding to investigate the need to modify the standards adopted in this Financing Order to conform to that rule and to address whether each of the rating agencies that have rated the system restoration bonds will determine that such modifications will not cause a suspension, withdrawal, or downgrade of the ratings on the system restoration bonds. Modifications to the REP standards adopted in this Financing Order may not be implemented absent prior written confirmation (or deemed inapplicability of such confirmation requirement) from each of the rating agencies that have rated the system restoration bonds that such modifications will not cause a suspension, withdrawal, or downgrade of the ratings on the system restoration bonds. The servicer of the system restoration bonds must also comply with the provisions of the REP standards adopted by this Financing Order that are applicable to the servicer.
- 38. **System Restoration Charge Remittance Procedures.** System restoration charges must be billed and collected in accordance with the REP standards adopted by this Financing Order. REPs must be subject to penalties as provided in these standards. A REP must not

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 84 of 127

Docket No. 49308 Financing Order Page 81 of 86

be obligated to pay the overdue system restoration charges of another REP whose customers it agrees to serve.

- 39. **Remedies Upon REP Default.** A servicer of system restoration bonds must have the remedies provided in the REP standards adopted by this Financing Order. If a REP that is in default fails to immediately select and implement one of the options provided in the REP standards or, after making its selection, fails to adequately meet its responsibilities under the selected option, then, subject to the limitations and requirements of the bankruptcy code if the REP is a debtor in bankruptcy, the servicer must immediately cause the POLR or a qualified REP to assume the responsibility for the billing and collection of system restoration charges in the manner and for the time provided in the REP standards.
- 40. **Billing by POLRs**. Every POLR appointed by the Commission must comply with the minimum credit rating or the deposit or credit support requirements described in the REP standards in addition to any other standard that may be adopted by the Commission. If the POLR defaults or is not eligible to provide billing and collection services, the servicer must immediately assume responsibility for billing and collection of system restoration charges and continue to meet this obligation until a new POLR can be named by the Commission or the customer requests the services of a qualified REP. Retail customers must never be directly re-billed by the successor REP, the POLR, or the servicer for any amount of system restoration charges the retail customers have previously paid to their REP.
- 41. **Disputes.** Disputes between a REP and a servicer regarding any amount of billed system restoration charges must be resolved in the manner provided by the REP standards adopted by this Financing Order.
- 42. **Metering Data.** If the servicer is providing metering services to a REP's retail customers, then metering data must be provided to the REP at the same time as the billing. If the servicer is not providing metering services, the entity providing metering services must comply with Commission rules and ensure that the servicer and the REP receive timely and accurate metering data in order for the servicer to meet its obligations under the servicing agreement and this Financing Order.
- 43. **Charge-Off Allowance.** The REP may retain an allowance for charge-offs from its payments to the servicer as provided in the REP standards adopted by this Financing Order.

Docket No. 49308 Financing Order Page 82 of 86

44. **Service Termination.** In the event that the servicer is billing retail customers for system restoration charges, the servicer must have the right to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer under applicable Commission rules. In the event that a REP or the POLR is billing retail customers for system restoration charges, the REP or POLR must have the right to transfer the customer to the POLR or to another certified REP or to direct the servicer to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer to the extent permitted by and in accordance with terms and limitations of the applicable Commission rules.

F. Structure of the Securitization

45. **Structure.** AEP Texas must structure the securitization as proposed in AEP Texas's application. This structure must be in accordance with findings of fact 95 through 98.

G. Use of Proceeds

46. **Use of Proceeds.** Upon the issuance of system restoration bonds, BondCo must pay the net proceeds from the sale of the system restoration bonds (after payment of transaction costs) to AEP Texas for the purchase price of the transition property. AEP Texas will apply these net proceeds to reduce recoverable system restoration costs. Thereafter, bond proceeds will be used to repay any outstanding short-term debt at AEP Texas and to fund capital expenditures to support utility operations and services.

H. Miscellaneous Provisions

47. Continuing Issuance Right. AEP Texas has the continuing irrevocable right to cause the issuance of system restoration bonds in one or more series in accordance with this Financing Order for a period commencing with the date of this Financing Order and extending 24 months following the later of (i) the date on which this Financing Order becomes final and no longer subject to any appeal; or (ii) the date on which any other regulatory approvals necessary to issue the system restoration bonds are obtained and no longer subject to any appeal. If, at any time during the effective period of this Financing Order, there is a severe disruption in the financial markets of the United States, the effective period must automatically be extended to a date which is not less than 90 days after the date such disruption ends.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 86 of 127

Docket No. 49308 Financing Order Page 83 of 86

- 48. Internal Revenue Service Private Letter or Other Rulings. AEP Texas is not required by this Financing Order to obtain a ruling from the Internal Revenue Service (IRS); however, if it elects to do so, then upon receipt, AEP Texas must promptly deliver to the Commission a copy of each private letter or other ruling issued by the IRS with respect to the proposed transaction, the system restoration bonds or any other matter related thereto. AEP Texas must also include a copy of every such ruling by the IRS it has received as an attachment to each issuance advice letter required to be filed by this Financing Order. AEP Texas may cause system restoration bonds to be issued without a private letter ruling if it obtains an opinion of tax counsel sufficient to support the issuance of the bonds.
- 49. **Binding on Successors.** This Financing Order, together with the system restoration charges authorized in it, must be binding on AEP Texas and any successor to AEP Texas that provides transmission and distribution service directly to retail customers in AEP Texas's certificated service area as it existed on the date of this Financing Order, any other entity that provides transmission or distribution services to retail customers within that service area, and any successor to such other entity. This Financing Order is also binding on each REP, and any successor, that sells electric energy to retail customers located within that service area, any other entity responsible for billing and collecting system restoration charges on behalf of BondCo, and any successor to the Commission. In this paragraph, a successor means any entity that succeeds by any means whatsoever to any interest or obligation of its predecessor, including by way of bankruptcy, reorganization or other insolvency proceeding, merger, consolidation, conversion, assignment, pledge or other security, by operation of law or otherwise.
- Flexibility. Subject to compliance with the requirements of this Financing Order, AEP Texas and BondCo must be afforded flexibility in establishing the terms and conditions of the system restoration bonds, including the final structure of BondCo, repayment schedules, term, payment dates, collateral, credit enhancement, required debt service, reserves, interest rates, use of original issue discount, and other financing costs and the ability of AEP Texas, at its option, to cause one or more series of system restoration bonds to be issued.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 87 of 127

Docket No. 49308 Financing Order Page 84 of 86

- 51. **Effectiveness of Order.** This Financing Order is effective upon issuance and is not subject to rehearing by the Commission. Notwithstanding the foregoing, no transition property is created hereunder, and AEP Texas is not authorized to impose, collect, and receive system restoration charges until AEP Texas's rights and interests under this Financing Order have been transferred to BondCo in conjunction with the issuance of the system restoration bonds.
- 52. **Regulatory Approvals.** All regulatory approvals within the jurisdiction of the Commission that are necessary for the securitization of the system restoration charges associated with the costs that are the subject of the application and for all related transactions contemplated in the application are granted.
- Payment of Commission's Costs for Professional Services. AEP Texas must pay the costs to the Commission of acquiring professional services for the purpose of evaluating AEP Texas's proposed transaction, including, but not limited to, the Commission's outside attorneys' fees in the amounts specified in this Financing Order no later than 30 days after the issuance of any system restoration bonds.
- 54. Compliance with PURA § 36.402(c). If AEP Texas receives insurance proceeds, governmental grants, or any other source of funding not reflected in the securitizable balance to compensate it for system restoration costs or the Commission determines that the actual costs incurred are less than estimated costs, if any, included in the securitizable balance, the Commission will take such amounts into account as required by PURA § 36.402(c). Such amounts must accrue interest as provided in PURA § 36.402(e). Any adjustment to reflect such amounts may not affect the stream of revenue available to service the system restoration bonds. A REP must be required to appropriately refund or credit to its customers any reduction in rates or any credits received from the utility under this paragraph.
- 55. **Effect of Appeal of Docket No. 48577.** If the recoverable distribution-related system restoration costs approved in Docket No. 48577 is subject to judicial review at the time of issuance of the system restoration bonds, AEP Texas must adjust its rates, other than system restoration charges, or provide credits, other than credits to system restoration charges, in a manner that will refund over the remaining life of the system restoration bonds

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 88 of 127

Docket No. 49308 Financing Order Page 85 of 86

any overpayments resulting from securitization of amounts in excess of the amount resulting from a final determination of the recoverable distribution-related system restoration costs. The adjustment mechanism may not affect the stream of revenue available to service the system restoration bonds. An adjustment may not be made under this paragraph until all appellate reviews, including, if applicable, appellate reviews following a Commission decision on remand of its original orders, have been completed. A REP must be required to appropriately refund or credit to its customers any reduction in rates or any credits received from the utility under this paragraph.

- 56. **Effect.** This Financing Order constitutes a legal financing order for AEP Texas under chapter 36, subchapter I and chapter 39, subchapter G of PURA. The Commission finds this Financing Order complies with the provisions of chapter 36, subchapter I and chapter 39, subchapter G of PURA. A financing order gives rise to rights, interests, obligations, and duties as expressed in chapter 36, subchapter I and chapter 39, subchapter G of PURA. It is the Commission's express intent to give rise to those rights, interests, obligations, and duties by issuing this Financing Order. AEP Texas and the servicer are directed to take all actions as are required to effectuate the transactions approved in this Financing Order, subject to compliance with the criteria established in this Financing Order.
- 57. **Further Commission Action.** The Commission guarantees that it will act under this Financing Order as expressly authorized by PURA to ensure that expected system restoration charge revenues are sufficient to pay on a timely basis scheduled principal and interest on the system restoration bonds issued under this Financing Order and other costs, including fees and expenses, in connection with the system restoration bonds.
- Designated Representative. The Commission designates Mr. Darryl Tietjen to serve as its representative under this Financing Order until such time as the Commission designates a new representative. The Commission will notify AEP Texas if it designates a new representative.
- 59. **All Other Motions Denied.** The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 89 of 127

Docket No. 49308

Financing Order

Page 86 of 86

Signed at Austin, Texas the 17th day of June 2019.

PUBLIC UTILITY COMMISSION OF TEXAS

DEANN T. WALKER, CHAIRMAN

ARTHUR C. D'ANDREA, COMMISSIONER

Auly Both SHELLY BOTKIN, COMMISSIONER

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Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 90 of 127

Appendix A Page 1 of 17

FORM OF ISSUANCE ADVICE LETTER

	, 2019
Dock	set No
THE	PUBLIC UTILITY COMMISSION OF TEXAS
SUB,	JECT: ISSUANCE ADVICE LETTER FOR SYSTEM RESTORATION BONDS
Orde subm Syste the 20	nant to the Financing Order adopted in Application of AEP Texas Inc. for a Financing r, Docket No (the "Financing Order"), AEP TEXAS INC. ("Applicant") hereby atts, no later than the end of the first business day after the pricing date of this series of the Restoration Bonds, the information referenced below. This Issuance Advice Letter is for 019 System Restoration Bonds, tranches A-1 thru A Any capitalized terms not defined as letter have the meanings ascribed to them in the Financing Order.
PUR	POSE
This	filing establishes the following:
(c) (d)	the total amount of Qualified Costs being securitized; confirmation of compliance with issuance standards; the actual terms and structure of the System Restoration Bonds being issued; the initial System Restoration Charge for retail users; and the identification of the Special Purpose Entity (SPE).

QUALIFIED COSTS BEING SECURITIZED

The total amount of Qualified Costs being securitized (the "Securitized Qualified Costs") is presented in Attachment 1.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 91 of 127

Appendix A Page 2 of 17

COMPLIANCE WITH ISSUANCE STANDARDS

The Financing Order requires Applicant to confirm, using the methodology approved therein, that the actual terms of the System Restoration Bonds result in compliance with the standards set forth in the Financing Order. These standards are:

- 1. The securitization of Qualified Costs will provide tangible and quantifiable benefits to ratepayers, greater than would be achieved absent the issuance of the System Restoration Bonds (See Attachment 2, Schedule D);
- 2. The amount securitized will not exceed the present value of the conventional revenue requirement over the life of the System Restoration Bonds associated with the Securitized Qualified Costs when the present value calculation is made using a discount rate equal to the proposed interest rate on the System Restoration Bonds (See Attachment 2, Schedule D);
- 3. The total amount of revenues to be collected under the Financing Order is less than the revenue requirement that would be recovered using conventional financing methods (See Attachment 2, Schedule C and D);
- 4. The System Restoration Bonds will be issued in one or more series comprised of one or more tranches having target final payment of ___ years and legal final maturities not exceeding ___ years from the date of issuance of such series (See Attachment 2, Schedule A);
- 5. The System Restoration Bonds may be issued with an original issue discount, additional credit enhancements, or arrangements to enhance marketability provided that the Applicant certifies that the original issue discount is reasonably expected to provide benefits greater than its cost; and
- 6. The structuring and pricing of the System Restoration Bonds is certified by the Applicant to result in the lowest System Restoration Charges consistent with market conditions and the terms (including the amortization structure ordered by the Commission, if any) set out in the Financing Order (See Attachment 4).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 92 of 127

Appendix A Page 3 of 17

ACTUAL TERMS OF ISSUANCE

System Restoration B	lond Series:	
System Restoration B	Sond Issuer: [BondCo]	
Trustee:		
Closing Date:	, 2019	
Bond Ratings: S&P	AAA, Moody's Aaa	
Amount Issued: \$		
System Restoration B	ond Up-Front Qualified Cost	s: See Attachment 1, Schedule B
System Restoration B	Rond Ongoing Qualified Costs	s: See Attachment 2. Schedule B.

Tranche	Coupon Rate	Expected Final Payment	Legal Final Maturity
A-1	%		
A-2	%		
A-3	%		
A-4	%		

	· · · · · · · · · · · · · · · · · · ·
Effective Annual Weighted Average Interest Rate	
of the System Restoration Bonds:	[] %
Life of Series:	years
Weighted Average Life of Series:	years
Call provisions (including premium, if any):	
Target Amortization Schedule:	Attachment 2, Schedule A
Target Final Payment Dates:	Attachment 2, Schedule A
Legal Final Maturity Dates:	Attachment 2, Schedule A
Payments to Investors:	Semiannually
	Beginning, 2019_
Initial annual Servicing Fee as a percent of	
original System Restoration Bond principal	
balance:	0.10%

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 93 of 127

Appendix A Page 4 of 17

INITIAL SYSTEM RESTORATION CHARGE

Table I below shows the current assumptions for each of the variables used in the calculation of the initial System Restoration Charges.

TABLE I	
Input Values For Initial System Restorat	ion Charges
Applicable period: from to	
Forecasted retail kWh/kW sales for the applicable period:	
System Restoration Bond debt service for the applicable period	\$
Percent of billed amounts expected to be charged-off:	%
Forecasted % of Billing Paid in the Applicable Period:	%
Forecasted retail kWh/kW sales billed and collected for the applicable period.	
Forecasted annual ongoing transaction expenses (Excluding System Restoration Bond principal and interest):	\$
Initial System Restoration Bond outstanding balance:	\$
Target System Restoration Bond outstanding balance as of://_:	\$
Total Periodic Billing Requirement for applicable period:	\$

Allocation of the PBR among customer classes: See Attachment 3.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 94 of 127

Appendix A Page 5 of 17

Based on the foregoing, the initial System Restoration Charges calculated for retail users are as follows:

TABLE II	
Rate Class	Initial System Restoration Charge
Residential	\$/kWh
Secondary Service Less Than or Equal to 10 kW	\$/kWh
Secondary Service Greater Than 10 kW	\$/Distribution Billing kW
Primary Service	\$/Distribution Billing kW
Lighting Service	\$/kWh

IDEN	TIFIC	CATION	OF SPE

The owner of the Transition Property will be:	[BondCo].
---	-----------

EFFECTIVE DATE

In accordance with the Financing Order, the System Restoration Charge shall be automatically effective upon the Applicant's receipt of payment in the amount of \$______ from [BondCo], following Applicant's execution and delivery to [BondCo] of the Bill of Sale transferring Applicant's rights and interests under the Financing Order and other rights and interests that will become Transition Property upon transfer to [BondCo] as described in the Financing Order.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 95 of 127

Appendix A Page 6 of 17

NOTICE

Copies of this filing are being furnished to the parties on the attached service list. Notice to the public is hereby given by filing and keeping this filing open for public inspection at Applicant's corporate headquarters.

AUTHORIZED OFFICER

The undersigned is an officer of Applicant and authorized to deliver this Issuance Advice Letter on behalf of Applicant.

Respectfully	submitted,		
AEP TEXA	S INC.		
Ву:			
Name:			
Title:			

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 96 of 127

Appendix A Page 7 of 17

ATTACHMENT 1 SCHEDULE A CALCULATION OF SECURITIZED QUALIFIED COSTS

Securitizable Balance to be securitized:	\$
Up-front Qualified Costs	\$
TOTAL SECURITIZED QUALIFIED COSTS	\$

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 97 of 127

Appendix A Page 8 of 17

ATTACHMENT 1 SCHEDULE B ESTIMATED UP-FRONT QUALIFIED COSTS

CAPPED UP-FRONT QUALIFIED COSTS	
	\$
Legal Fees (Company, Issuer, and Underwriter)	\$
Accountant's Fees	\$
Trustee's/Trustee Counsel's Fees and Expenses	\$
Servicer's Set-up Costs	\$
Printing/Edgarizing	\$
Company Advisor's Fee	\$
SPE Setup Costs	\$
Securitization Proceeding Expenses	\$
Miscellaneous Administrative Costs	\$
Underwriters' Fees	\$
Subtotal Capped Up-Front Qualified Costs	\$
UNCAPPED UP-FRONT QUALIFIED COSTS	
Commission's Financial Advisor Fees	
Legal Fees for Counsel to the Commission's Advisor, if any	
Rating Agency Fees	\$
SEC Registration Fee	\$
Original Issue Discount	\$
Cost of Other Credit Enhancements	\$
Rounding/Contingency	\$
TOTAL UP-FRONT QUALIFIED COSTS SECURITIZED	\$

Note: Certain costs are subject to an aggregate cap set forth in the Financing Order. Differences that result from the Estimated Up-front Qualified Costs securitized being more than the actual up-front costs incurred will be resolved through the true-up process described in the Financing Order. Differences that result from the Estimated Up-front Qualified Costs securitized being less than the actual up-front costs incurred may be resolved in a future proceeding as described in the Financing

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 98 of 127

Appendix A
Page 9 of 17

Order, provided that the total amount of capped costs may not be recovered in excess of the aggregate cap.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 99 of 127

Appendix A Page 10 of 17

ATTACHMENT 2 SCHEDULE A SYSTEM RESTORATION BOND REVENUE REQUIREMENT INFORMATION

	SER .	IES, TRANCHI	E	
Payment Date	Principal Balance	Interest	Principal	Total Payment
	\$			
		\$	\$	\$
				-
		· -		
		·		

	SERIE	S, TRANCHE_		
Payment Date	Principal Balance	Interest	Principal	Total Payment
	\$	\$	\$	\$
			-	

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 100 of 127

Appendix A Page 11 of 17

ATTACHMENT 2 SCHEDULE B ONGOING QUALIFIED COSTS

	ANNUAL AMOUNT
Servicing Fee (AEP Texas as Servicer) (0.10% of initial	\$
System Restoration Bond principal amount)	
Administration Fee	\$
Accountant's Fee	\$
Legal Fees/Expenses for Company's/Issuer's Counsel	\$
Trustee's/Trustee's Counsel Fees and Expenses	\$
Independent Manager's Fees	\$
Rating Agency Fees	\$
Printing/Edgarizing Fees	\$
Miscellaneous	
TOTAL ONGOING QUALIFIED COSTS (with AEP	\$
Texas as Servicer)	
Ongoing Servicers Fee (Third Party as Servicer) (0.60% of	\$
principal amount)	
TOTAL ONGOING QUALIFIED COSTS (Third Party	\$
as Servicer	

Note: Certain of the Ongoing Qualified Costs are subject to caps set forth in the Financing Order. The amounts shown for each category of operating expense on this attachments are the expected expenses for the first year of the System Restoration Bonds. System Restoration Charges will be adjusted at least annually to reflect any changes in Ongoing Qualified Costs through the true-up process described in the Financing Order.

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 3 Page 101 of 127

Appendix A Page 12 of 17

CALCULATION OF SYSTEM RESTORATION CHARGES

Year	System Restoration Bond Payments ¹	Ongoing Costs ²	Total Nominal System Restoration Charge Requirement ³	Present Value of System Restoration Charges ⁴
1	\$	\$	\$	\$
2	\$	\$	\$	\$
3	\$	\$	\$	\$
4	\$	\$	\$	\$
5	\$	\$	\$	\$
6	\$	\$	\$	\$
7	\$	\$	\$	\$
8	\$	\$	\$	\$
9	\$	\$	\$	\$
10	\$	\$	\$	\$
11	\$	\$	\$	\$
12	\$	\$	\$	\$
13	\$	\$	\$	\$
14	\$	\$	\$	\$
Total	\$	\$	\$	\$

¹ From Attachment 2, Schedule A.

² From Attachment 2, Schedule B.

Sum of System Restoration Bond payments and ongoing costs.
 The discount rate used is the weighted average effective annual interest rate of the System Restoration Bonds.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 102 of 127

Appendix A Page 13 of 17

ATTACHMENT 2 SCHEDULE D COMPLIANCE WITH SUBCHAPTER G OF THE UTILITIES CODE

Tangible & Quantifiable Benefits and Revenue Requirements Tests:5

	Conventiona	I Financing	Financing Securiting Financian		Savings/(Cost) of Securitization Finance	
Nominal	\$	million	\$	million	\$	million
Present	[
Value	\$	million	\$	million	\$	million

⁵ Calculated in accordance with the methodology cited in the Financing Order.

⁶ From Attachment 2, Schedule C.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 103 of 127

Appendix A Page 14 of 17

ATTACHMENT 3

INITIAL ALLOCATION OF COSTS TO SRC CLASSES

(1)	(2)	(3)	(4)	(5)	(6)
SRC Class	PBRAF ⁷	Periodic Billing Requirement	Billing Requirement per SRC Class	Forecasted Billing Determinants	SRC Charge
Residential	%	s	\$		\$/kWh
Secondary Service Less Than or Equal to 10 kW	%	\$	\$		\$/kWh
Secondary Service Greater Than 10 kW	%	\$	s		\$/Distribution Billing kW
Primary Service	%	s	\$		\$/Distribution Billing kW
Lighting Service	%	\$	5		\$/kWh
Total	100 0000 %	\$	\$		

⁷ Determined in accordance with the methodology set forth in the Financing Order and Schedule SRC.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 104 of 127

Appendix A Page 15 of 17

ATTACHMENT 4 FORM OF APPLICANT'S CERTIFICATION

[AEP Letterhead]	Date: _		_, 2019
Public Utility Commission of Texas 1701 N. Congress Ave. P.O. Box 13362 Austin, TX 78711-3326			
Re: Application of AEP Texas Inc. for a	Financing Order, l	Docket No.	
AEP TEXAS INC. (the "Applicant") su No of the Financing Order in Applicant. No (the "Financing Order"). A meanings ascribed to them in the Financian	cation of AEP Texa. All capitalized term	s Inc. for a	Financing Order, Docket
In its issuance advice letter datedfollowing particulars of the System Resto		2019, the A	pplicant has set forth the
Name of System Restoration Bonds: SPE: [BondCo] Closing Date:			
Amount Issued: \$			
Expected Amortization Schedule: See Ad	e Attachment 2, S Ivice Letter	Schedule A	to the Issuance
Distributions to Investors (quarterly or se	emi-annually):		
Weighted Average Coupon Rate:	_%		
Weighted Average Yield8:%			

⁸ The internal rate of return, calculated including all up-front and ongoing costs.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 105 of 127

Appendix A Page 16 of 17

The following actions were taken in connection with the design, marketing, structuring and pricing of the bonds:

- Included credit enhancement in the form of the true-up mechanism and an equity contribution of 0.50% of the original principal amount.
- Registered the System Restoration Bonds with the Securities and Exchange Commission to facilitate greater liquidity.
- Achieved preliminary Aaa/AAA ratings from two of the three major rating agencies with final Aaa/AAA ratings a condition of closing.
- Worked with the Commission's designated representative(s) to select underwriters that have relevant experience and execution capability.
- Provided the term sheet and preliminary prospectus by e-mail to prospective investors.
- Allowed sufficient time for investors to review the term sheet and preliminary prospectus and to ask questions regarding the transaction.
- Arranged for the issuance of rating agency pre-sale reports during the marketing period.
- During the period that the System Restoration Bonds were marketed, held daily market update discussions with the underwriting team to develop recommendations for pricing.
- Had multiple conversations with all of the members of the underwriting team before and during the marketing phase in which we stressed the requirements of the Financing Order.
- Developed and implemented a marketing plan designed to give each of the underwriters
 incentive to aggressively market the System Restoration Bonds to their customers and to
 reach out to a broad base of potential investors, including investors who have not previously
 purchased this type of security.
- Provided potential investors with access to an internet roadshow for viewing on repeated occasions at investors' convenience.
- Adapted the System Restoration Bond offering to market conditions and investor demand at the time of pricing. Variables impacting the final structure of the transaction were evaluated including the length of average lives and maturity of the System Restoration Bonds and interest rate requirements at the time of pricing so that the structure of the transaction would correspond to investor preferences and rating agency requirements for AAA ratings, while meeting the requirements of the Financing Order. [After evaluation, incorporated the use of original issue discount to investors consistent with the expectation that it would provide greater benefit than its cost.]

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 106 of 127

Appendix A Page 17 of 17

- Worked with the Commission's designated representative to develop bond allocations, underwriter compensation and preliminary price guidance designed to achieve lowest interest rates.
- Worked with Commission and underwriters (and each of our respective counsels) to finalize
 documentation in accordance with established standards for transactions of this sort and the
 terms of the financing order.

[Note: Foregoing bullet points are illustrative and will be modified to reflect actual activities in this transaction.]

Based upon information reasonably available to the officers, agents, and employees of the Applicant, the Applicant hereby certifies that the structuring and pricing of the System Restoration Bonds, as described in the issuance advice letter, will result in the lowest system restoration bond charges consistent with market conditions and the terms of the Financing Order (including the amortization structure, if any, ordered by the Commission), all within the meaning of Sections 39.301 and 36.401 of PURA. [Applicant further certifies that it reasonably expects the small amount of original issue discount associated with the bonds to provide benefits greater than its costs.]

AEP TEXAS INC.

Ву: _			
By: _ Name: _	 		

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 107 of 127

Appendix B

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.3 Schedule SRC - System Restoration Charge

DEFINITIONS

For the purposes of this schedule the following terms shall have the following meanings:

Company – AEP Texas and its successors and assigns that provide transmission or distribution service directly to customers taking service at facilities, premises, or loads located within the Service Area.

Financing Order – the Financing Order issued by the Public Utility Commission of Texas (Commission) in Docket No. [] under Subchapter I of Chapter 36 and Subchapter G of Chapter 39 of the Texas Public Utility Regulatory Act (PURA) providing for the issuance by the Special Purpose Entity (SPE) of system restoration bonds to securitize the amount of qualified costs (Qualified Costs) determined by the Commission in such order.

Non-Eligible Self-Generation (NESG) — Electric generation capacity greater than 10 megawatts capable of being lawfully delivered to a site without use of utility distribution or transmission facilities and which was not, on or before the date the Financing Order is issued, either (A) a fully operational facility, or (B) a project supported by substantially complete filings for all necessary site-specific environmental permits under the rules of the Texas Commission on Environmental Quality, and which materially reduces or reduced customer loads on the Company's transmission and distribution system

Retail Electric Provider (REP) – the entity which serves the customer's energy needs, and will remit to the Servicer the System Restoration Charges billed in accordance with this schedule.

Service Area – the Company's certificated Central Division service area, the service area previously served by AEP Texas Central Company, as it existed on the date of approval of the Financing Order in Docket No. [].

Servicer – on the effective date of this tariff, the Company shall act as Servicer. However, the SPE may select another party to function as Servicer or the Company may resign as Servicer in accordance with terms of the Servicing Agreement and Financing Order issued in Docket No. []. A Servicer selected under these conditions shall assume the obligations of the Company as Servicer under this schedule. As used in this schedule, the term Servicer includes any successor Servicer.

Special Purpose Entity (SPE) – the owner of Transition Property, on behalf of whom the SRCs are collected.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 108 of 127

Appendix B

AEP TEXAS - CENTRAL DIVISION
TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.3 Schedule SRC - System Restoration Charge

System Restoration Charge (SRC) – a non-bypassable charge computed on the basis of individual end-use retail customer consumption, except for SRCs applicable to NESG for which charges are based on the output of the on-site generation utilized to meet the internal electrical requirements of the customer.

- (a) For customers whose facilities, premises, and loads are subject to SRCs billed and collected pursuant to the System Restoration Charge Rates (SRC Rates) under this schedule, the SRC Rates shall constitute a separate charge.
- (b) The assessment of SRCs will be separately identified on the bills sent to REPs.

APPLICABILITY

This schedule, along with Rider SRC, sets out the rates, terms and conditions under which SRCs shall be billed and collected by the Company, any successor Servicer(s), and any REPs on behalf of the owner of Transition Property pursuant to the terms of the Financing Order. This schedule is applicable to energy consumption and demands of retail customers taking transmission and distribution service from the Company and to facilities, premises and loads of such retail customers.

This schedule also applies to:

- 1. Retail customers taking service at facilities, premises, or loads located within the Service Area who are not presently receiving transmission and distribution service from the Company, but whose present facilities, premises, or loads received transmission and distribution service from the Company at any time on or after the date of approval of the Financing Order in Docket No. [] when a request to change service to another utility was not pending as of that date.
- 2. Retail customers located within the Service Area and prior retail customers of the Company who are served by new NESG.

Individual end-use customers are responsible for paying SRCs billed to them in accordance with the terms of this schedule. Payment is to be made to the entity that bills the customer in accordance with the terms of the Servicing Agreement and the Financing Order, which entity may be the Company, a successor Servicer, a REP, an entity designated to collect SRCs in place of the REP,

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 109 of 127

Appendix B

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.3 Schedule SRC - System Restoration Charge

or other entity which, under the terms of the Financing Order or PURA, may be obligated to pay or collect the SRCs. The REP, an entity designated to collect SRCs in place of the REP, or another entity which, under the terms of the Financing Order or PURA, is obligated to pay or collect the SRCs will pay the SRCs to the Servicer. The Servicer will remit collections to the SPE in accordance with the terms of the Servicing Agreement.

TERM

This schedule shall remain in effect until SRCs have been collected and remitted to the SPE which are sufficient in amount to satisfy all obligations of the SPE in regard to paying principal and interest on the System Restoration Bonds together with all other qualified costs as provided in PURA section 36.403(d). However, in no event shall the SRCs provided for in this schedule be collected for service rendered after 15 years from issuance of the System Restoration Bonds. SRCs for service rendered during the 15-year period following issuance of the System Restoration Bonds pursuant to the Financing Order, but not collected during that 15-year period, may be collected after the 15-year period. This schedule is irrevocable and non-bypassable for the full term during which it applies.

RATE CLASSES

For the purposes of billing SRCs, each retail end-use customer shall be designated as a customer in one of the following five customer classes. A new customer shall be assigned to the appropriate customer class based on anticipated usage characteristics.

Residential
Secondary Service Less Than or Equal to 10 kW
Secondary Service Greater Than 10 kW
Primary Service
Lighting Service

PERIODIC BILLING REQUIREMENT ALLOCATION FACTORS

The following Periodic Billing Requirement Allocation Factors (PBRAF) to be used in the calculation of the SRC Rates are calculated using the methods approved by the Commission in the Financing Order. The PBRAFs shall be the percentage of cost responsibility for each System Restoration Charge customer class.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 110 of 127

Appendix B

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.3 Schedule SRC - System Restoration Charge

System Restoration Charge Class	PBRAF
Residential	52.5194%
Secondary Service Less Than or Equal to 10 kW	2.9287%
Secondary Service Greater Than 10 kW	31.8567%
Primary Service	6.0053%
Lighting Service	6.6899%

DETERMINATION OF SYSTEM RESTORATION CHARGE (SRC) RATES

SRC Rates will be adjusted no less frequently than annually in order to ensure that the expected collection of SRCs is adequate to pay when due, pursuant to the expected amortization schedule, principal and interest on the System Restoration Bonds and pay on a timely basis other Qualified Costs. The SRC Rates shall be computed by multiplying the PBRAFs times the Periodic Billing Requirement (PBR) for the projected period in which the adjusted SRC Rates are expected to be in effect (SRC Period), and dividing such amount by the billing units of the SRC customer class, as shown in the following formula:

 $SRC_c = [(PBR * PBRAF_c) + P_c] / FBU_c$

where,

SRC_c = System Restoration Charge Rate applicable to a SRC rate class

during the SRC Period;

PBR = Periodic Billing Requirement for the SRC Period;

PBRAF_c = The Periodic Billing Requirement Allocation Factor for such class

in effect at such time;

Pc = Prior period over-/under-recovery for such class;

FBUc = Forecasted Billing Units (i.e., class-specific energy or demand

billing units) currently forecast for a class for the SRC period.

TRUE-UP ADJUSTMENT PROCEDURE

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 111 of 127

Appendix B

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.3 Schedule SRC - System Restoration Charge

Not less than 15 days prior to the first billing cycle for the Company's June billing month, and no less frequently than annually, the Servicer shall file a revised Rider SRC setting forth the upcoming SRC period's SRC Rates, complete with all supporting materials. The adjusted SRC Rates will become effective on the first billing cycle of the Company's June billing month. The Commission will have 15 days after the date of the true-up filing in which to confirm the accuracy of the of the Servicer's adjustment. Any necessary corrections to the adjusted SRC Rates, due to mathematical errors in the calculation of such rates or otherwise, will be made in a future true-up adjustment filing.

In addition, optional interim true-up adjustments may be made more frequently by the Servicer at any time during the term of the system restoration bonds to correct any undercollection or overcollection, as provided for in the Financing Order, in order to assure timely payment of the System Restoration Bonds based on rating agency and bondholder considerations. Mandatory interim true-up adjustments shall be made semi-annually (or quarterly after the final scheduled payment date of the last tranche of the System Restoration Bonds) if the Servicer forecasts that system restoration charge collections will be insufficient to make all scheduled payments of principal, interest and other amounts in respect of the System Restoration Bonds on a timely basis during the current or next succeeding payment period and/or or to replenish any draws upon the capital subaccount. The interim true-up adjustment will be filed no later than 15 days prior to the following month's first billing cycle for implementation. Filing with and review by the Commission will be accomplished for the interim true-up adjustment in the manner as for the annual true-up adjustment set forth above. In no event will a mandatory interim true-up adjustment occur more frequently than every six months provided, however, that mandatory interim true-up adjustments after the final scheduled payment date of the last tranche of the System Restoration Bonds shall occur quarterly.

In the event that the forecasted billing units for one or more of the System Restoration Charge customer classes for an upcoming period decreases by more than 10% of the threshold billing units set forth in the Financing Order, the Servicer shall make a true-up filing at least 90 days before the effective date of the next annual true-up adjustment. The true-up shall be conducted in the following manner. The Servicer shall:

- (a) allocate the upcoming period's Periodic Billing Requirement based on the PBRAFs approved in the Financing Order;
- (b) calculate undercollections or overcollections from the preceding period in each class by subtracting the previous period's system restoration charge

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 112 of 127

Appendix B

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.3 Schedule SRC - System Restoration Charge

revenues collected from each class from the Periodic Billing Requirement determined for that class for the same period;

- (c) sum the amounts allocated to each customer class in steps (a) and (b) above to determine an adjusted Periodic Billing Requirement for each customer class;
- (d) divide the Periodic Billing Requirement for each customer class by the maximum of the forecasted billing units or the threshold billing units for that class, to determine the threshold rate;
- (e) multiply the threshold rate by the forecasted billing units for each class to determine the expected collections under the threshold rate;
- (f) allocate the difference in the adjusted Periodic Billing Requirement and the expected collections calculated in step (e) among the system restoration charge customer classes using the PBRAFs approved in this Financing Order;
- (g) add the amount allocated to each class in step (f) above to the expected collection amount by class calculated in step (e) above to determine the final Periodic Billing Requirement for each class; and
- (h) divide the final Periodic Billing Requirement for each class by the forecasted billing units to determine the system restoration charge rate by class for the upcoming period. The final Periodic Billing Requirement class percentage of the total Periodic Billing Requirement equals the adjusted PBRAFs.

BILLING AND COLLECTION TERMS AND CONDITIONS

The billing and collection of SRCs may differ as set forth in this schedule. The terms and conditions for each party are set forth below:

A. Billings by Servicer to other electric utilities, municipally owned utilities, and cooperatives:

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 113 of 127

Appendix B

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.3 Schedule SRC - System Restoration Charge

- 1. Applicable to former retail customers of the Company in multiply certificated service areas who requested to switch from the Company to a different service provider on or after approval of the Financing Order, and are now taking service from other electric utilities, municipally owned utilities, or cooperatives or through REPs served from other electric utilities, municipally owned utilities, or cooperatives.
- 2. Charges subject to this tariff must be paid in full by the other electric utility, municipally owned utility, or cooperative to the Servicer 35 days after billing by the Servicer regardless of whether the electric utility, municipally owned utility, or cooperative collects such charges from the end-use retail customer or from the REP, if applicable.

B. Billings by Servicer to NESG:

- 1. Applicable to end-use consumption served by on-site non-eligible self-generation. The SRCs applicable to NESG are in addition to the applicable System Restoration Charges under A above or C below.
- 2. Payment terms pursuant to the requirements of PURA, applicable Commission rules, and the Commission's Financing Order in Docket No. [].
- 3. Rate class determined by summing loads on the transmission and distribution system with loads served by non-eligible generation.
- 4. Servicer has the right to terminate for non-payment pursuant to the Commission's rules.

C. Billings by the REP or its Replacement to End-Use Customers:

- 1. Applicable to consumption of all retail end-use customers served by the REP for which SRCs apply, including applicable former customers and NESG, under the following conditions:
- 2. REPs shall provide the Servicer with full and timely information necessary to provide proper reporting and for billing and true-up adjustments.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 114 of 127

Appendix B

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.3 Schedule SRC - System Restoration Charge

- 3. Each REP must (1) have a long-term, unsecured credit rating of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively, or (2) provide (A) a deposit of two months' maximum expected System Restoration Charge collections in the form of cash, (B) an affiliate guarantee, surety bond, or letter of credit providing for payment of such amount of System Restoration Charge collections in the event that the REP defaults in its payment obligations, or (C) a combination of any of the foregoing. A REP that does not have or maintain the requisite long-term, unsecured credit rating may select which alternate form of deposit, credit support, or combination thereof it will utilize, in its sole discretion. The Indenture Trustee shall be the beneficiary of any affiliate guarantee, surety bond or letter of credit. The provider of any affiliate guarantee, surety bond, or letter of credit must have and maintain a long-term, unsecured credit ratings of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively.
- 4. If the long-term, unsecured credit rating from either Standard & Poor's or Moody's Investors Service of a REP that did not previously provide the alternate form of deposit, credit support, or combination thereof or of any provider of an affiliate guarantee, surety bond, or letter of credit is suspended, withdrawn, or downgraded below "BBB-" or "Baa3" (or the equivalent), the REP must provide the alternate form of deposit, credit support, or combination thereof, or new forms thereof, in each case from providers with the requisite ratings, within 10 business days following such suspension, withdrawal, or downgrade. A REP failing to make such provision must comply with the provisions set forth in Paragraph 3 of the next section, Billings by the Servicer to the REP or its Replacement (when applicable).
- 5. The computation of the size of a required deposit shall be agreed upon by the Servicer and the REP, and reviewed no more frequently than quarterly to ensure that the deposit accurately reflects two months' maximum collections. Within 10 business days following such review, (1) the REP shall remit to the Indenture Trustee the amount of any shortfall in such required deposit or (2) the Servicer shall instruct the Indenture Trustee to remit to the REP any amount in excess of such required deposit. A REP failing to so remit any such shortfall must comply with the provisions set forth in Paragraph 3 of the next section, Billings by the Servicer to the REP or its Replacement (when applicable). REP cash deposits shall be held by the Indenture Trustee, maintained in a segregated account, and invested in short-term high quality investments, as permitted by the rating agencies rating the System Restoration Bonds. Investment earnings on REP cash deposits shall be considered

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 115 of 127

Appendix B

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.3 Schedule SRC - System Restoration Charge

part of such cash deposits so long as they remain on deposit with the Indenture Trustee. At the instruction of the Servicer, cash deposits will be remitted with investment earnings to the REP at the end of the term of the System Restoration Bonds unless otherwise utilized for the payment of the REP's obligations for System Restoration Charge payments. Once the deposit is no longer required, the Servicer shall promptly (but not later than 30 calendar days) instruct the Indenture Trustee to remit the amounts in the segregated accounts to the REP.

- 6. In the event that a REP or the POLR is billing customers for SRCs, the REP shall have the right to transfer the customer to the Provider of Last Resort (POLR) (or to another certified REP) or to direct the Servicer to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer pursuant to applicable Commission rules.
- D. Billings by the Servicer to the REP or its Replacement (when applicable):
- 1. Applicable to all consumption subject to REP billing of SRCs.
- 2. Payments of SRCs are due 35 calendar days following each billing by the Servicer to the REP, without regard to whether or when the REP receives payment from its retail customers. The Servicer shall accept payment by electronic funds transfer (EFT), wire transfer (WT) and/or check. Payment will be considered received the date the EFT or WT is received by the Servicer, or the date the check clears. A 5% penalty is to be charged on amounts received after 35 calendar days; however, a 10-calendar-day grace period will be allowed before the REP is considered to be in default. A REP in default must comply with the provisions set forth in Paragraph 3 below. The 5% penalty will be a one-time assessment measured against the current amount overdue from the REP to the Servicer. The current amount consists of the total unpaid System Restoration Charges existing on the 36th calendar day after billing by the Servicer. Any and all such penalty payments will be made to the Indenture Trustee to be applied against System Restoration Charge obligations. A REP shall not be obligated to pay the overdue System Restoration Charges of another REP. If a REP agrees to assume the responsibility for the payment of overdue System Restoration Charges as a condition of receiving the customers of another REP who has decided to terminate service to those customers for any reason, the new REP shall not be assessed the 5% penalty upon such System Restoration Charges; however, the prior REP shall not be relieved of the previously assessed penalties.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 116 of 127

Appendix B

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.3 Schedule SRC - System Restoration Charge

- 3. After the 10 calendar-day grace period (the 45th calendar day after the billing date) referred to in Paragraph 2 above, the Servicer shall have the option to seek recourse against any cash deposit, affiliate guarantee, surety bond, letter of credit, or combination thereof made by the REP, and avail itself of such legal remedies as may be appropriate to collect any remaining unpaid System Restoration Charges and associated penalties due the Servicer after the application of the REP's deposit or alternate form of credit support. In addition, a REP that is in default with respect to the requirements set forth in Paragraphs 4 and 5 of the previous section, Billings by the REP or its Replacement to End-Use Customers, and Paragraph 2 of this section shall select and implement one of the following options:
 - (a) Allow the Provider of Last Resort (POLR) or a qualified REP of the customer's choosing to immediately assume the responsibility for the billing and collection of System Restoration Charges.
 - (b) Immediately implement other mutually suitable and agreeable arrangements with the Servicer. It is expressly understood that the Servicer's ability to agree to any other arrangements will be limited by the terms of the servicing agreement and requirements of each of the rating agencies that have rated the System Restoration Bonds necessary to avoid a suspension, withdrawal, or downgrade of the ratings on the System Restoration Bonds.
 - (c) Arrange that all amounts owed by retail customers for services rendered be timely billed and immediately paid directly into a lock-box controlled by the Servicer with such amounts to be applied first to pay System Restoration Charges before the remaining amounts are released to the REP. All costs associated with this mechanism will be borne solely by the REP.

If a REP that is in default fails to immediately select and implement one of the foregoing options in (a), (b), or (c) or, after so selecting one of the foregoing options, fails to adequately meet its responsibilities thereunder, then the Servicer shall immediately implement option (a). Upon re-establishment of the requirements set forth in Paragraphs 4 and 5 of the previous section, Billings by the REP or its Replacement to End-Use Customers, and Paragraph 2 of this section and the payment of all past-due amounts and associated penalties, the REP will no longer be required to comply with this subsection.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 117 of 127

Appendix B

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.3 Schedule SRC - System Restoration Charge

- 4. The POLR will be required to meet the minimum credit rating and/or deposit/credit support requirements described in Paragraph 3 of the preceding section, Billings by the REP or its Replacement to End-Use Customers, in addition to any other standards that may be adopted by the Commission. If the POLR defaults or is not eligible to provide such services, responsibility for billing and collection of transition charges will immediately be transferred to and assumed by the Servicer until a new POLR can be named by the Commission or the customer requests the services of a certified REP. Retail customers may never be re-billed by the successor REP, the POLR, or Servicer for any amount of System Restoration Charges they have paid their REP (although future SRCs shall reflect REP and other system-wide charge-offs). Additionally, if the amount of the penalty detailed in Paragraph 2 of this section is the sole remaining past-due amount after the 45th day, the REP shall not be required to comply with (a), (b), or (c) above, unless the penalty is not paid within an additional 30 calendar days.
- 5. In the event the Servicer is billing customers for System Restoration Charges, the Servicer shall have the right to terminate transmission and distribution service for non-payment by end-use customers pursuant to the Commission's rules.
- 6. Notwithstanding Paragraph 2 of this section, the REPs will be allowed to hold back an allowance for charge-offs in their payments to the Servicer. Such charge-off rate will be recalculated each year in connection with the annual true-up procedure. In the initial year, the REPs will be allowed to remit payments based on the same system-wide charge off percentage then being used for the transition bonds issued by AEP Texas Central Transition Funding III LLC under the financing order issued in Docket No. 39931. On an annual basis in connection with the annual true-up adjustment process, the REP and the Servicer will be responsible for reconciling the amounts held back with amounts actually written off as uncollectible in accordance with the terms agreed to by the REP and the Servicer, provided that:
 - (a) The REP's right to reconciliation for write-offs will be limited to customers whose service has been permanently terminated and whose entire accounts (i.e., all amounts due the REP for its own account as well as the portion representing System Restoration Charges) have been written off.
 - (b) The REP's recourse will be limited to a credit against future SRC payments unless the REP and the Servicer agree to alternative arrangements, but in no event will the REP have recourse to the SPE or its funds for such payments.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 118 of 127

Appendix B

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.3 Schedule SRC - System Restoration Charge

- (c) The REP shall provide information on a timely basis to the Servicer so that the Servicer can include the REP's default experience and any subsequent credits into its calculation of the adjusted SRC Rates for the next SRC billing period and the REP's rights to credits will not take effect until after such adjusted SRC Rates have been implemented.
- 7. In the event that a REP disputes any amount of billed System Restoration Charges, the REP shall pay the disputed amount under protest according to the timelines detailed in Paragraph 2 of this section. The REP and Servicer shall first attempt to informally resolve the dispute, but if failing to do so within 30 calendar days, either party may file a complaint with the Commission. If the REP is successful in the dispute process (informal or formal), the REP shall be entitled to interest on the disputed amount paid to the Servicer at the Commission-approved interest rate. Disputes about the date of receipt of System Restoration Charge payments (and penalties arising thereof) will be handled in a like manner. Any interest paid by the Servicer on disputed amounts shall not be recovered through System Restoration Charges if it is determined that the Servicer's claim to the funds is clearly unfounded. No interest shall be paid by the Servicer if it is determined that the Servicer has received inaccurate metering data from another entity providing competitive metering services pursuant to PURA section 39.107.
- 8. If the Servicer is providing the metering, the metering data will be provided to the REP at the same time as the billing. If the Servicer is not providing the metering, the entity providing metering service(s) will be responsible for complying with Commission rules and ensuring that the Servicer and the REP receive timely and accurate metering data in order for the Servicer to meet its obligations under the Servicing Agreement and the Financing Order with respect to billing and true-ups.

OTHER TERMS AND CONDITIONS

If the customer, REP, or other entity which, under the terms of the Financing Order or PURA, may be obligated to pay or collect the SRCs, pays only a portion of its bill, a pro-rata share amount of System Restoration Charge revenues shall be deemed to be collected. In the event of any such shortfall, the amount paid shall first be apportioned between the system restoration charges and other fees and charges owed to the Company or any successor, other than late fees, ratably based on the amount owed for System Restoration Charges and the amount owed for other fees and charges (including transition charges or system restoration charges owed for other current or future

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 119 of 127

Appendix B

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.3 Schedule SRC - System Restoration Charge

transition bonds and system restoration bonds), and second, any remaining portion of such payment shall be allocated to late fees.

At least once each year, (i) the Company shall cause to be prepared and delivered to REPs and such customers a notice stating, in effect, that the Transition Property and the System Restoration Charges are owned by the SPE and not the Company; and (ii) each REP which bills System Restoration Charges shall cause to be prepared and delivered to such customers a notice stating, in effect, that the Transition Property and the System Restoration Charges are owned by the SPE and not the REP or the Company. Such notice shall be included either as an insert to or in the text of the bills delivered to such REPs or customers, as applicable, or shall be delivered to customers by electronic means or such other means as the Servicer or the REP may from time to time use to communicate with their respective customers.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 120 of 127

Appendix B

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.3.1 Rider SRC – System Restoration Charge Factors

AVAILABILITY

This schedule is applicable to billed energy consumption and demands of retail customers taking service from the Company during the term that this schedule is in effect, and to the facilities, premises, and loads of all other retail customers obligated to pay Rider SRC Charges as provided in Schedule SRC, Section 6.1.1.6.3. Terms defined in Schedule SRC that are used herein shall have the same meaning as set forth in Schedule SRC.

RATE CLASSES

For purposes of billing System Restoration Charge Rates (SRC Rates), each retail end-use customer will be designated as a customer belonging to one of five classes as identified by Schedule SRC.

SYSTEM RESTORATION CHARGE RATES

SRC Rates
\$0.001472 per kWh
\$0.001842 per kWh
\$0.307337 per Distribution Billing kW
\$0.246113 per Distribution Billing kW
\$0.008522 per kWh

The SRC Rates are multiplied by the kWh or kW, as applicable, read, estimated or determined during the billing month and will be applied to bills rendered on and after the effective date.

SYSTEM RESTORATION CHARGE TRUE-UP

The Restoration Charge Rates shall be determined in accordance with and are subject to the provisions set forth in the Financing Order and Schedule SRC. Not less than 15 days prior to the first billing cycle for the Company's June billing month and no less frequently than annually thereafter, the Company or successor Servicer will file a revision to Rider SRC setting forth the adjusted SRC Rates to be effective for the upcoming period. If made as a result of the annual true-up adjustment in Schedule SRC, the adjusted SRC Rates will become effective on the first billing cycle of the Company's June billing month. In accordance with Schedule SRC, an interim true-up is mandatory semi-annually (or quarterly after the final scheduled payment date of the last tranche of the system restoration bonds) if the Servicer forecasts that system restoration charge collections

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 121 of 127

Appendix B

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.3.1 Rider SRC - System Restoration Charge Factors

will be insufficient to make all scheduled payments of principal, interest and other amounts in respect of the System Restoration Bonds on a timely basis during the current or next succeeding payment period and/or or to replenish any draws upon the capital subaccount. Optional interim true-ups may also be made at any time as described in Schedule SRC. If an interim true-up adjustment is made pursuant to Schedule SRC, the Adjusted SRC Rates will be become effective on the first billing cycle of the Company's billing month that is not less than 15 days following the making of the interim true-up adjustment filing. In the event that the forecasted billing units for one or more of the System Restoration Charge customer classes for an upcoming period decreases by more than 10% of the threshold billing units set forth in the Financing Order, the Servicer shall make a true-up filing at least 90 days prior to the first billing cycle for the Company's June billing month.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 122 of 127

Appendix C

ESTIMATED UP-FRONT QUALIFIED COSTS

CAPPED UP-FRONT QUALIFIED COSTS	
	\$
Legal Fees (Company, Issuer, and Underwriter)	
Accountant's Fees	
Trustee's/Trustee Counsel's Fees and Expenses	
Servicer's Set-up Costs	
Printing/Edgarizing	
Company Advisor's Fee	
SPE Setup Costs	
Securitization Proceeding Expenses	
Miscellaneous Administrative Costs	
Underwriters' Fees	
Subtotal Capped Up-Front Qualified Costs	3,650,241
UNCAPPED UP-FRONT QUALIFIED COSTS	
Commission's Financial Advisor Fees	200,000
Legal Fees for Counsel to the Commission's Advisor, if any	
Original Issue Discount	
Cost of Other Credit Enhancements	
Rating Agency Fees	530,785
SEC Registration Fees	27,766
Rounding/Contingency	
TOTAL UP-FRONT QUALIFIED COSTS SECURITIZED	4,408,792

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 123 of 127

Appendix C

ONGOING QUALIFIED COSTS

		ANNUAL AMOUNT	
Servicing Fee (AEP Texas as Servicer) (0.10% of initial System Restoration Bond principal amount)	\$	229,469	
Administration Fee	\$	100,000	
Accountant's Fee	\$	50,000	
Legal Fees/Expenses for Company's/Issuer's Counsel	\$	55,000	
Trustee's/Trustee's Counsel Fees and Expenses	\$	2,500	
Independent Manager's Fees	\$	2,500	
Rating Agency Fees	\$	45,000	
Printing/Edgarizing Fees	\$	10,000	
Miscellaneous	\$	10,000	
TOTAL ONGOING QUALIFIED COSTS (with AEP Texas as Servicer)	\$	504,469	
Ongoing Servicers Fee (Third Party as Servicer) (0.60 % of principal amount)	\$	1,376,811	
TOTAL ONGOING QUALIFIED COSTS (Third Party as Servicer	\$	1,651,811	

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 124 of 127

Appendix D

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.5. Rider ADFIT - ADFIT Credit

APPLICABILITY

Pursuant to Public Utility Commission of Texas Docket No. [], the ADFIT Credit is a negative charge to customers subject to Schedule SRC to provide customers the accumulated deferred federal income tax (ADFIT) benefits associated with Hurricane Harvey and other system restoration costs.

This schedule is applicable to billed energy consumption and demands of retail customers taking service from the Company during the term that this schedule is in effect, and to the facilities, premises, and loads of all other retail customers obligated to pay Rider SRC Charges as provided in Schedule SRC, Section 6.1.1.6.3. Terms defined in Schedule SRC that are used herein shall have the same meaning as set forth in Schedule SRC.

TERM

This Rider ADFITC is effective beginning on the date Schedule SRC is effective and will remain in effect over the 10-year term of Schedule SRC.

ADFIT ALLOCATION FACTORS

The ADFIT Allocation Factors are the same as the PBRAFs in Schedule SRC.

ADFITC RATES

The ADFITC Credits to be applied beginning on the effective date of this Rider ADFITC are set out below. The ADFITC rate classes and billing units are the same as the classes and billing units in Rider SRC. In addition, ADFITC Credits are applicable to each customer which has New On-Site Generation as defined in Schedule SRC, and to customers in multiply-certificated areas who request to switch from AEP Texas to another service provider on or after the date of approval of the Financing Order in Docket No. [], as and to the extent Schedule SRC charges are applicable to such customers. ADFITC Credits to be applied in subsequent periods will be determined in the annual true-up process.

ADFITC Rate Class

Residential Secondary Service Less Than or Equal to 10 kW Secondary Service Greater Than 10 kW Primary Service Lighting Service

ADFITC Rates

(\$0.000144) per kWh (\$0.000180) per kWh (\$0.030098) per Distribution Billing kW (\$0.024103) per Distribution Billing kW (\$0.000835) per kWh

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 125 of 127

Appendix D

AEP TEXAS - CENTRAL DIVISION

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area previously served by AEP Texas Central Company

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: Bills Rendered on or after June 1, 2019

6.1.1.6.5. Rider ADFIT - ADFIT Credit

The ADFITC Rates are multiplied by the kWh or kW, as applicable, read, estimated or determined during the billing month and will be applied to bills rendered on and after the effective date.

ADFITC TRUE-UP ADJUSTMENT

ADFITC Charges shall be adjusted annually effective on each date that charges in Schedule SRC become effective. The ADFITC true-up will be performed at the same time, using the same methodology and billing determinants, as the Standard True-Up or Non-Standard True-Up for Rate Schedule SRC. The ADFITC Charges shall be adjusted to (I) correct any over-credit or under-credit of the amounts previously scheduled to be provided to customers and (2) reflect the amounts scheduled to be provided to customers during the period the adjusted ADFITC Charges are to be effective.

OTHER TERMS AND CONDITIONS

If the customer or REP pays only a portion of its bill, a pro-rata portion of ADFITC Charge credits will be credited equal to the pro-rata portion of Schedule SRC collected according to Schedule SRC.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 126 of 127

Appendix E

AEP TEXAS CENTRAL DIVISION THRESHOLD BILLING DETERMINANTS FOR DETERMINING THE NON-STANDARD TRUE-UP CALCULATION OF NON-STANDARD TRUE-UP THRESHOLD

	Billing Units	(1) 12 Months Ended 9/30/2018 SRC Billing Units	(2) Non-Standard True-up Threshold (90% of Column (1))
Residential	kWh	10,223,037,624	9,200,733,862
Secondary Service Less Than or Equal to 10 kW	kWh	446,391,924	401,752,732
Secondary Service Greater Than 10 kW	kW	29,112,261	26,201,035
Primary Service	kW	6,688,519	6,019,667
Lighting Service	kWh	222,078,177	199,870,359

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 3
Page 127 of 127

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 1 of 117



Control Number: 39931

Item Number: 14

Addendum StartPage: 0



DOCKET NO. 39931

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APPLICATION OF AEP TEXAS	§	PUBLIC UTILITY COMMISSION
CENTRAL COMPANY FOR A	§	
FINANCING ORDER	8	OF TEXAS

FINANCING ORDER

TABLE OF CONTENTS

I. DISCUSSION AND STATUTORY OVERVIEW	6
II. DESCRIPTION OF PROPOSED TRANSACTION	12
III. FINDINGS OF FACT	18
A. IDENTIFICATION AND PROCEDURE	18
1. Identification of Applicant and Background	18
2. Procedural History	19
3. Notice of Application	20
B. QUALIFIED COSTS AND AMOUNT TO BE SECURITIZED	21
I. Identification and Amounts	21
3. Balance to be Securitized	24
4. Issuance Advice Letter	23
5. Tangible and Quantifiable Benefit	24
6. Present Value Cap	25
7. Total Amount of Revenue to be Recovered	26
C. STRUCTURE OF THE PROPOSED SECURITIZATION	27
1. BondCo	27
2. Credit Enhancement and Arrangements to Reduce Interest Rate Risk or Enhance Marketability	29
3. Transition Property	30
4. Servicer and the Servicing Agreement	31
5. Retail Electric Providers	33
6. Transition Bonds	40
7. Security for Transition Bonds	41
8. General Provisions	44
9. Transition Charges—Imposition and Collection, Nonbypassability, and Self-Generation	45
10. Allocation of Qualified Costs Among Texas Retail Consumers	47
11. True-Up of Transition Charges	48
12. Interim True-Up	50
13. Non-Standard True-Up	51
14. Additional True-Up Provisions	52
15. Designated Representative or Financial Advisor	53
16. Lowest Transition Bond Charges	54
D. USE OF PROCEEDS	56
IV. CONCLUSIONS OF LAW	56
V. ORDERING PARAGRAPHS	
A. APPROVAL	



		67
B. TRANSITION	CHARGES	69
C. TRANSITION	CHARGES BONDS	73
	BONDSCTRIC PROVIDERS	
F. STRUCTURE	OF THE SECURITIZATION	78
G. USE OF PRO	OF THE SECURITIZATION	79
H. MISCELLAN	ieous Provisions	
Appendix A	Form of Issuance Advice Letter	
••		
Appendix B	Form of Tariff (Schedule TC-3 and Rider TC-3)	
Appendix C	Projected Ongoing Qualified Costs	
-PF		
Annendix D	Billing Thresholds to Determine Whether a Non-Standard True-up	is Iriggered

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 4 of 117

DOCKET NO. 39931

APPLICATION OF AEP TEXAS § PUBLIC UTILITY COMMISSION CENTRAL COMPANY FOR A § FINANCING ORDER § OF TEXAS

FINANCING ORDER

This Financing Order addresses the application of AEP Texas Central Company (TCC) under Subchapter G of Chapter 39 of the Public Utility Regulatory Act¹: (1) to securitize the \$800 million (the Securitizable Balance) agreed to in the unopposed stipulation in Docket No. 39722,² the remand of Docket No. 31056 from the Supreme Court's opinion of July 1, 2011;³ (2) for approval of the proposed securitization financing structure and issuance of transition bonds; (3) for approval of transition charges sufficient to recover principal of and interest on the transition bonds plus ongoing qualified costs; and (4) for approval of a tariff to implement the transition charges.

On December 2, 2011, TCC submitted an application for a financing order to securitize the Securitizable Balance. As discussed in this Financing Order, the Commission finds that TCC's application for approval of the securitization transaction should be approved. The Commission also finds that the securitization approved in this Financing Order meets all applicable requirements of PURA.⁴

Accordingly, in accordance with the terms of this Financing Order, the Commission: (1) approves the securitization of the Securitizable Balance; (2) authorizes the issuance of transition bonds in one or more series in an aggregate principal amount not to exceed the Securitizable

Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.016 (Vernon 2007 & Supp. 2011) (PURA).

² Remand of Docket No. 31056 (Application of AEP Texas Central Company and CPL Retail Energy, LP to Determine True-up Balances Pursuant to PURA § 39.262 and Petition to Determine Amount of Excess Mitigation Credits to be Refunded and Recovered), Docket No. 39722 (pending).

³ AEP Texas Central Company v. Pub. Util. Comm'n, __ S.W.3d __ (Tex. 2011), affirming in part and reversing in part, Pub. Util. Comm'n of Texas, Application of AEP Texas Central Company and CPL Retail Energy, LP to Determine True-up Balances Pursuant to PURA § 39.262 and Petition to Determine Amount of Excess Mitigation Credits to be Refunded and Recovered, Docket No. 31056, Order on Rehearing (Apr. 14, 2006).

⁴ Additionally, by authorizing the securitization of the Securitizable Balance now, the Commission minimizes the risk that incremental costs are imposed on consumers as a result of pending Securities and Exchange Commission ("SEC") regulations.

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 5 of 117

Docket No. 39931 Financing Order Page 4 of 82

Balance; (3) approves the structure of the proposed securitization financing; (4) approves transition charges in an amount to be calculated as provided in this Financing Order; (5) approves the form of tariff as provided in this Financing Order to implement those transition charges; and (6) finds that the potential benefits of (a) floating rate notes and interest rate swaps within the bond structure, (b) the issuance of transition bonds denominated in foreign currencies, and (c) the use of interest rate hedges will not outweigh the incremental risk to customers; therefore, the Commission concludes that floating rate notes and interest rate swaps should not be utilized within the transition bond structure and that TCC should not be authorized to issue transition bonds denominated in a foreign currency, or which bear interest at a floating rate, or which use interest rate hedges.

In order to approve the securitization of regulatory assets and other true-up amounts under PURA § 39.262, the Commission must consider whether the proposed securitization meets the financial tests set forth in PURA Chapter 39, Subchapter G. The three tests require that: (1) the total revenues collected under the financing order are less than the revenues collected using conventional financing methods (total revenues test);⁵ (2) the securitization of the qualified costs provides tangible and quantifiable benefits to the consumers which are greater than would have been achieved absent issuance of the transition bonds (tangible and quantifiable benefits test);⁶ and (3) the amount securitized does not exceed the present value of the revenue requirements over the life of the proposed transition bonds associated with the costs sought to be securitized (present value test).⁷

TCC submitted evidence demonstrating that the proposed securitization met each of the financial tests set forth by Subchapter G of PURA Chapter 39 by varying degrees. All of the calculations performed by TCC demonstrated that the transaction would pass these tests by a significant margin. Considering the magnitude of the margin by which the proposed securitization passes the various tests, the Commission declines to determine a particular number for each benefit conferred by the securitization. Accordingly, in quantifying the benefit to consumers as a result of this securitization, the Commission refers to the ranges of benefits

⁵ PURA § 39.301

⁶ *Id*.

⁷ *Id*.

Docket No. 39931 Financing Order Page 5 of 82

calculated under TCC's expected case scenario, in which the transition bonds bear a 2.889% weighted-average interest rate, and a worst-case scenario, in which the bonds are subject to a 6% weighted-average interest rate.

TCC's evidence shows that as a result of the securitization approved by this Financing Order, consumers in TCC's service area will realize benefits. Based on the amount that TCC seeks to securitize, TCC's financial analysis indicated that consumers will realize benefits estimated to be approximately \$40 million on a present value basis in the worst case scenario. At the expected weighted-average interest rate of 2.889%, securitization confers benefits of approximately \$228 million on a present-value basis. In addition, under the worst-case scenario, the securitization will result in a reduction in the amount of revenues collected by TCC of approximately \$93 million, on a nominal basis, when compared to the amount that would have been collected under conventional financing methods that would otherwise be used to recover the costs. In the expected case, the securitization will result in a reduction in the amount of revenues collected by TCC of approximately \$287 million, on a nominal basis. Accordingly, the Commission concludes that the benefits for consumers set forth in TCC's evidence are fully indicative of the benefits that consumers will realize from the securitization approved hereby. Also in the issuance advice letter, TCC will be required to update the benefit analyses to verify that the final structure of the securitization satisfies the statutory financial tests. 9

TCC provided a general description of the proposed transaction structure in its application and in evidence submitted in support of its application. The proposed transaction structure does not contain every relevant detail and, in certain places, uses only approximations of certain costs and requirements. The final transaction structure will depend, in part, upon the requirements of the nationally-recognized credit rating agencies which will rate the transition bonds and, in part, upon the market conditions that exist at the time the transition bonds are taken to the market.

⁸ See Direct Testimony of Randall W. Hamlett at 15-19.

⁹ The foregoing quantifications of economic benefits reflect a capital contribution in the amount of 0.5% of the original principal amount of the transition bonds and assume that no risk retention is mandated by SEC regulations when finalized. TCC's application discussed the potential for a 5% capital contribution if mandated by the SEC prior to the issuance of the transition bonds. By authorizing the securitization now, the Commission minimizes this potential, because the proposed revisions to the SEC's regulations are currently not expected to be effective prior to the issuance of the transition bonds.

Docket No. 39931 Financing Order Page 6 of 82

While the Commission recognizes the need for some degree of flexibility with regard to the final details of the securitization transaction approved in this Financing Order, its primary focus is upon the statutory requirements—the most important of which is to ensure that securitization results in tangible and quantifiable benefits to consumers—that must be met prior to issuing a financing order.

In view of these obligations, the Commission has established certain criteria in this Financing Order that must be met in order for the approvals and authorizations granted in this Financing Order to become effective. This Financing Order grants authority to issue transition bonds and to impose and collect transition charges only if the final structure of the securitization transaction complies in all material respects with these criteria. The authority and approval granted in this Financing Order is effective as to each issuance upon, but only upon, TCC filing with the Commission an issuance advice letter demonstrating compliance of that issuance with the provisions of this Financing Order. If market conditions make it desirable to issue the transition bonds in more than one series, then the authority and approval in this Financing Order is effective as to each issuance, but only upon TCC filing with the Commission a separate issuance advice letter for that issuance demonstrating compliance with the provisions of this Financing Order.

I. Discussion and Statutory Overview

The Texas Legislature amended PURA in 1999 to provide for competition in the provision of retail electric service. To facilitate the transition to a competitive environment, electric utilities are authorized to undertake securitization financing of qualified costs. The Legislature provided this option for recovering qualified costs based on the conclusion that securitized financing will result in lower carrying costs for utility assets relative to the costs that would be incurred using conventional utility financing methods. As a precondition to the use of securitization, the Legislature required that the utility demonstrate that consumers would receive tangible and quantifiable benefits as a result of securitization and that this Commission make a

 $^{^{10}}$ See Act of May 27, 1999, 76th Leg., R.S., ch. 405, 1999 Tex. Gen. Laws 2543 (codified primarily at Tex. UTIL. CODE Chapters 39, 40, and 41).

¹¹ See PURA §§ 39.201, 39.301-39.303.

Docket No. 39931 Financing Order Page 7 of 82

specific finding that such benefits exist before issuing a financing order. Consequently, a basic purpose of securitization financing—the recovery of an electric utility's qualified costs—is conditioned upon the other basic purpose—providing economic benefits to consumers of electricity in this state.

Effective June 15, 2007, PURA was amended to provide that, in addition to stranded costs and regulatory assets, other elements of the true-up balances determined pursuant to Sections 39.201 and 39.262 of PURA may be securitized. In its application for a financing order, TCC seeks to securitize the true-up balance from Docket No. 39722, the remand of Docket No. 31056, TCC's true-up case pursuant to PURA § 39.262, from the Supreme Court's opinion of July 1, 2011.

To allow for securitization of an electric utility's qualified costs, the Commission may authorize the issuance of securities known as transition bonds. Transition bonds are generally defined as evidences of indebtedness or ownership that are issued under a financing order, are limited to a term of not longer than 15 years, and are secured by or payable from transition property. The net proceeds from the sale of the transition bonds must be used to reduce the amount of a utility's recoverable regulatory assets or other true-up amounts through the refinancing or retirement of the utility's debt or equity. If transition bonds are approved and issued, retail electric consumers must pay the principal, interest, and related charges of the transition bonds through transition charges. Transition charges are nonbypassable charges that will be paid as a component of the monthly charge for electric service. Transition charges must be approved by the Commission pursuant to a financing order. If

The Commission may adopt a financing order only if it finds that the total amount of revenues to be collected under the financing order is less than the revenue requirement that would be recovered using conventional financing methods and that the financing order is consistent with the standards of PURA § 39.301. The Commission must ensure that the net proceeds of transition bonds may be used only for the purpose of reducing the amount of recoverable costs through the refinancing or retirement of utility debt or equity. In addition, the

¹² See id. §§ 39.301, 39.302(4), amended Acts 2007, 80th Leg., ch. 1186, §2, eff. June 15, 2007.

¹³ See id. § 39.302(6).

¹⁴ See id. § 39.302(7).

Docket No. 39931 Financing Order Page 8 of 82

Commission must ensure that (1) securitization provides tangible and quantifiable benefits to consumers greater than would have been achieved absent the issuance of the transition bonds, and (2) the structuring and pricing of the transition bonds result in the lowest transition bond charges consistent with market conditions and the terms of a financing order. Finally, the amount securitized may not exceed the present value of the revenue requirement over the life of the proposed transition bonds associated with the amounts sought to be securitized, and the present value calculation must use a discount rate equal to the proposed interest rate on the transition bonds. All of these statutory requirements are designed to ensure that securitization will provide real benefits to retail consumers.

The essential finding by the Commission that is needed to issue a financing order is that consumers will receive tangible and quantifiable benefits as a result of securitization. This finding can only be made upon a showing of economic benefits to consumers through an economic analysis. An economic analysis is necessary to recognize the time value of money in evaluating whether and the extent to which benefits accrue from securitization. Moreover, an economic analysis recognizes the concept that the timing of a payment can be as important as the magnitude of a payment in determining the value of the payment. Thus, an analysis showing an economic benefit is necessary to quantify a tangible benefit to consumers.

Economic benefits also depend upon a favorable financial market—one in which transition bonds may be sold at an interest rate lower than the carrying costs of the assets being securitized. The precise interest rate at which transition bonds can be sold in a future market, however, is not known today. Nevertheless, benefits can be calculated based upon certain known facts (e.g. the amount of assets to be securitized and the cost of the alternative to securitization) and assumptions (e.g. the interest rate of the transition bonds, the term of the transition bonds and the amount of other qualified costs). By analyzing the proposed securitization based upon those facts and assumptions, a determination can be made as to whether tangible and quantifiable benefits result. To ensure that benefits are realized, the securitization transaction must conform to the structure ordered by the Commission and an issuance advice letter must be presented to the Commission immediately prior to issuance of the transition bonds demonstrating that the actual structure and costs of the bonds will provide

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 10 of 117

Docket No. 39931 Financing Order Page 9 of 82

tangible and quantifiable benefits. The cost-benefit analysis contained in the issuance advice letter must reflect the actual structure of the transition bonds.

TCC's financial analysis shows that securitizing the amount requested by TCC will produce an economic benefit to consumers in an amount of approximately \$228 million on a present value basis using the expected weighted-average interest rate of 2.889%. ¹⁵ A benefit of approximately \$40 million will result even if the bond market is unfavorable and transition bonds have to be issued at the worst-case weighted-average interest rate of 6%. ¹⁶ The economic benefit to consumers will be larger if a more favorable market allows the transition bonds to be issued at a lower interest rate. In the issuance advice letter, TCC will be required to update the benefit analyses to verify that the final transition bond structure and pricing satisfies the statutory financial tests.

To issue a financing order, PURA also requires that the Commission find that the total amount of revenues collected under the financing order will be less than would otherwise have been collected under conventional financing methods. In this proceeding, TCC's financial analysis of the amount sought to be securitized under worst-case market conditions in which the bonds bear 6% weighted-average interest rate demonstrates that revenues will be reduced by approximately \$93 million on a nominal basis under this Financing Order compared to the amount that would be recovered under conventional financing methods.¹⁷ Under the expected scenario in which the bonds are issued at a 2.889% weighted-average interest rate, securitization saves consumers approximately \$287 million in nominal revenue.¹⁸ If transition bonds are issued in a more favorable market, this reduction in revenues will be larger.

Before the transition bonds may be issued, TCC must submit to the Commission an issuance advice letter in which it demonstrates, based upon the actual market conditions at the time of pricing, that the proposed structure and pricing of the transition bonds will provide real economic benefits to retail consumers and comply with the statutory financial tests and terms of this Financing Order. As part of this submission, TCC must also certify to the Commission that

¹⁵ Direct Testimony of Randall W. Hamlett at 17-18.

¹⁶ *Id*.

¹⁷ Id. at 15-17.

¹⁸ *Id*.

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 11 of 117

Docket No. 39931 Financing Order Page 10 of 82

the structure and pricing of the transition bonds results in the lowest transition bond charges consistent with market conditions at the time of pricing and the terms of this Financing Order. The form of certification that must be submitted by TCC is set out in Appendix A to this Financing Order. The Commission, by order, may stop the issuance of the transition bonds authorized by this Financing Order if TCC fails to make this demonstration or certification. Should TCC issue more than one series of transition bonds, TCC shall demonstrate in the issuance advice letter for each series that the securitization will provide real economic benefits to retail consumers and comply with the statutory financial tests and terms of this Financing Order.

PURA requires that transition charges be charged for the use or availability of electric services to recover all qualified costs.¹⁹ Transition charges can be recovered over a period that does not exceed 15 years.²⁰ The Commission concludes that this prevents the collection of transition charges from retail consumers for services rendered after the 15-year period but does not prohibit recovery of transition charges for service rendered during the 15-year period but not actually collected until after the 15-year period.

Transition charges will be collected by an electric utility, its successors, an assignee, or other collection agents as provided for in this Financing Order. The rights to impose, collect, and receive transition charges (including all other rights of an electric utility under the financing order) are only contract rights until such rights (which may relate to the entire amount authorized to be securitized or, if more than one series of transition bonds are issued due to market conditions, to a portion of the total amount authorized to be securitized) are first transferred to an assignee or pledged in connection with the issuance of transition bonds. Upon the transfer or pledge of those rights, they become transition property and, as such, are afforded certain statutory protections to ensure that the charges are available for bond retirement. 22

This Financing Order contains terms, as it must, ensuring that the imposition and collection of transition charges authorized herein shall be nonbypassable.²³ It also includes a

¹⁹ See PURA § 39.302(7).

²⁰ See id. § 39.303(b).

²¹ See id. § 39.302(7).

²² See Id. § 39.304(b).

²³ See Id. § 39.306.

Docket No. 39931 Financing Order Page 11 of 82

mechanism requiring that transition charges be reviewed and adjusted at least annually, within 45 days of the anniversary date of the issuance of the transition bonds, to correct any overcollections or undercollections during the preceding 12 months and to ensure the expected recovery of amounts sufficient to timely provide all payments of debt service and other required amounts and charges in connection with the transition bonds.²⁴ In addition to the required annual reviews, interim reviews are mandatory semi-annually (or quarterly after the last scheduled maturity date of the transition bonds) to ensure that the amount of the transition charges matches the funding requirements approved in this Financing Order. Optional interim true-up adjustments may also be made under the circumstances set forth in this Financing Order. These provisions will help to ensure that the amount of transition charges paid by retail consumers does not exceed the amounts necessary to cover the costs of this securitization. To encourage utilities to undertake securitization financing, other benefits and assurances are provided.

The State of Texas has pledged, for the benefit and protection of financing parties and electric utilities, that it will not take or permit any action that would impair the value of transition property, or, except for the true-up expressly allowed by law, reduce, alter, or impair the transition charges to be imposed, collected and remitted to financing parties, until the principal, interest and premium, and any other charges incurred and contracts to be performed in connection with the related transition bonds have been paid and performed in full.²⁵

Transition property (whether associated with a single bond series covering the entire amount authorized to be securitized or with one of multiple bond series covering only a portion of the total amount authorized to be securitized) constitutes a present property right for purposes of contracts concerning the sale or pledge of property, and the property will continue to exist for the duration of the pledge of the State of Texas as described in the preceding paragraph. In addition, the interests of an assignee or pledgee in transition property (as well as the revenues and collections arising from the property) are not subject to setoff, counterclaim, surcharge, or defense by the electric utility or any other person or in connection with the bankruptcy of the

²⁴ See Id. § 39.307.

²⁵ See id. § 39.310.

²⁶ See id. § 39.304(b).

Docket No. 39931

Financing Order

Page 12 of 82

electric utility or any other entity.²⁷ Further, transactions involving the transfer and ownership of transition property and the receipt of transition charges are exempt from state and local income, sales, franchise, gross receipts, and other taxes or similar charges.²⁸ The creation, granting, perfection, and enforcement of liens and security interests in transition property are governed by PURA § 39.309 and not by the Texas Business and Commerce Code.²⁹

The Commission may, at the request of an electric utility, adopt a financing order providing for the retiring and refunding of transition bonds only upon making a finding that the future transition charges required to service the new transition bonds, including transaction costs, will be less than the future transition charges required to service the bonds being retired or refunded. TCC has not requested and this Financing Order does not grant any authority to refinance the transition bonds authorized by this Financing Order. This Financing Order does not preclude TCC from filing a request for a financing order to retire or refund the transition bonds approved in this Financing Order upon a showing that the statutory criteria in PURA § 39.303(g) are met.³¹

To facilitate compliance and consistency with applicable statutory provisions, this Financing Order adopts the definitions in PURA § 39.302.

II. Description of Proposed Transaction

A description of the transaction proposed by TCC is contained in its application and the evidence submitted in support of the application. A brief summary of the proposed transaction is provided in this section. A more detailed description is included in Section III.C, titled "Structure of the Proposed Securitization" and in the application and evidence submitted in support of the application.

In its application, TCC requested authority to securitize and to cause the issuance of one or more series of transition bonds in an aggregate principal amount not to exceed the

²⁷ See id. § 39.305.

²⁸ See id. § 39.311.

²⁹ See id. § 39.309(a).

³⁰ See id. § 39.303(g).

³¹ See id.

Docket No. 39931 Financing Order Page 13 of 82

Securitizable Balance. Pursuant to the unopposed stipulation in Docket No. 39722, the Securitizable Balance includes up-front qualified costs of the securitization. TCC will be responsible for up-front costs incurred in issuing the transition bonds, including without limitation, underwriting discount and fees. For convenience purposes any of these costs may be paid by the special purpose entity (BondCo) created by TCC to issue the transition bonds. Upon the issuance of the transition bonds, the BondCo will pay the net proceeds from the sale of the transition bonds (after payment of transaction costs) to TCC for the purchase price of the transition property. TCC will apply these net proceeds to reduce the debt and/or common equity on its regulatory books.

To facilitate the proposed securitization, TCC proposed that (depending on whether more than one series of transition bonds are issued) one or more special purpose entity transition bond companies (each referred to as "BondCo") be created to which will be transferred the rights to impose, collect, and receive transition charges along with the other rights arising pursuant to this Financing Order, in each case allocable to the series of transition bonds the BondCo is issuing. Upon transfer to a BondCo (in connection with the issuance of the particular series of transition bonds), these rights will become transition property as provided by PURA § 39.304. If transition bonds are issued in more than one series, then the transition property transferred as a result of each issuance shall be only those rights associated with that portion of the total amount authorized to be securitized by this Financing Order which is securitized by a particular bond issuance. The rights to impose, collect and receive transition charges along with the other rights arising pursuant to this Financing Order as they relate to any portion of the total amount authorized to be securitized that remains unsecuritized shall remain with TCC and shall not become transition property until transferred to a BondCo in connection with a subsequent issuance of transition bonds.

TCC will create a separate BondCo for the issuance of a particular series of the transition bonds; and the rights, obligations, structure and restrictions described in this Financing Order with respect to "BondCo" are applicable to each such purchaser of transition property to the extent of the transition property transferred and sold to it and the transition bonds issued by it. BondCo will issue transition bonds and will transfer the net proceeds from the sale of the transition bonds to TCC in consideration for the transfer of the corresponding transition property.

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 15 of 117

Docket No. 39931 Financing Order Page 14 of 82

BondCo will be organized and managed in a manner designed to achieve the objective of maintaining BondCo as a bankruptcy-remote entity that would not be affected by the bankruptcy of TCC or any other affiliates of TCC or any of their respective successors. In addition, BondCo will have at least one independent manager whose approval will be required for certain major actions or organizational changes by BondCo.

The transition bonds will be issued pursuant to an indenture and administered by an indenture trustee.³² The transition bonds will be secured by and payable solely out of the transition property created pursuant to this Financing Order and other collateral described in TCC's application. That collateral will be pledged to the indenture trustee for the benefit of the holders of the transition bonds and to secure payment of certain qualified costs.

The servicer of the transition bonds will collect the transition charges and remit those amounts to the indenture trustee on behalf of BondCo. The servicer will be responsible for filing any required or allowed true-ups of the transition charges. If the servicer defaults on its obligations under the servicing agreement, the indenture trustee may appoint a successor servicer. TCC will act as the initial servicer for the transition bonds.

Retail electric providers ("REPs") will be required to meet certain financial standards to collect transition charges under this Financing Order. If the REP qualifies to collect transition charges, the servicer will bill to and collect from the REP the transition charges attributable to the REP's customers. The REP in turn will bill to and collect from its retail customers the transition charges attributable to them. If any REP fails to qualify to collect transition charges or defaults in the remittance of those charges to the servicer of the transition bonds, another entity can assume responsibility for collection of the transition charges from the REP's retail customers.

Transition charges will be calculated to ensure the collection of an amount sufficient to service the principal, interest, and related charges for the transition bonds and in a manner that allocates this amount to the various classes of retail consumers as provided in PURA and

³² If more than one series of transition bonds is issued, each series will be issued pursuant to a separate indenture and be subject to its own set of basic agreements (*e.g.*, Transition Property Purchase and Sale Agreement, Transition Property Servicing Agreement, Administration Agreement). For purposes of this Financing Order, the description of the transition bonds applies to each series of transition bonds.

Docket No. 39931 Financing Order Page 15 of 82

Commission orders. The transition charges will be calculated pursuant to the method described in Schedule TC-3, a pro forma copy of which is contained in Appendix B. In addition to the annual true-up required by PURA § 39.307, interim true-ups shall be performed semi-annually (or quarterly after the last scheduled maturity date of the transition bonds) if necessary to ensure that the amount collected from transition charges is sufficient to service the transition bonds and may be performed at other times as provided in this Financing Order. A non-standard true-up will be allowed for other circumstances as provided in this Financing Order. The methodology for making true-ups and allocation adjustments and the circumstances under which each shall be made are described in pro forma Schedule TC-3, attached to this Financing Order as Appendix B. If transition bonds are issued in more than one series, then each series will be subject to a separate true-up pursuant to PURA and this Financing Order, provided, however, that more than one series may be trued-up in a single proceeding.

The Commission determines that TCC's proposed structure for the transition charges should be utilized. This structure provides for substantially levelized annual revenue requirements over the expected life of the transition bonds. This structure offers the benefit of not relying upon customer growth and will allow the resulting transition charges to remain level or decline over time, if billing determinants remain level or grow. Further, TCC's proposed transition charge tariff applies consistent allocation factors across rate classes, subject to modification in accordance with the true-up mechanisms adopted in this Financing Order.

The agreed proposed financing order in Docket No. 39722 provides that TCC be authorized to impose transition charges sufficient to recover the principal and interest on the transition bonds plus ongoing qualified costs as described in Appendix C attached hereto. TCC requested that the transition charges be recovered from retail end-use consumers through REPs and other entities which, under PURA and this Financing Order, are obligated to pay or collect transition charges, and that the amount of the transition charges be calculated based upon the allocation methodology and billing determinants specified in Schedule TC-3. TCC also requested that certain standards related to the billing and collection of transition charges be applied to REPs, as specified in Schedule TC-3. To implement the transition charges and billing and collection requirements, TCC requests approval of Schedule TC-3.

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 17 of 117

Docket No. 39931 Financing Order Page 16 of 82

All of the bonds issued in prior Texas securitizations have been issued with a fixed interest rate.³³ A fixed interest rate is necessary to assure that consumers benefit from the securitization. Although the benefits of fixed rates can be achieved through a combination of floating rate bonds and interest rate swaps, the Commission in prior securitizations in Texas concluded that the possible benefit of floating rate bonds did not outweigh the cost of preparing for and executing interest rate swaps and the potential risks swaps would impose on consumers. As a result, the financing orders in those proceedings prohibited the use of swaps and thus, effectively, the issuance of floating rate bonds. We reach the same conclusion in this proceeding and will prohibit TCC from issuing floating rate bonds.

We reach a similar conclusion that issuance of bonds denominated in foreign currency should likewise be prohibited. Denominating bonds in foreign currency would create foreign currency risks for consumers. While these risks can be reduced through use of derivatives, the derivatives themselves create risks for consumers.

Interest rate hedges can also be used to lock in interest rates or limit the variability of interest rates prior to issuance of bonds. However, the hedge is a bet on the direction of future market changes, which is neither necessary nor appropriate. Hedges also create additional costs and risks if, for any reason, the transition bonds are not issued or the amount issued is different from the principal hedged. As a result, this Financing Order prohibits TCC from issuing transition bonds denominated in foreign currencies and from entering into interest rate hedges.

In accordance with the agreed proposed financing order in Docket No. 39722, TCC requested in its application that ongoing costs of maintaining the transition bonds be recovered through the transition charges authorized in this proceeding. TCC estimated that its ongoing costs of servicing the bonds would total approximately \$798,500 annually for each year of the term of the bonds, if TCC is the servicer, and approximately \$5.2 million per year, if a substitute servicer is appointed. TCC's estimated on-going costs of maintaining the transition bonds are as

³³ E.g., Application of AEP Texas Central Company for a Financing Order, Docket No. 32475, Financing Order at 14-15 (Jun. 21, 2006); Application of Entergy Gulf States, Inc. for a Financing Order, Docket No. 33586, Financing Order at 2 (Apr. 2, 2007); Application of CenterPoint Houston Electric, LLC for a Financing Order, Docket No. 34448, Financing Order at 2 (Sept. 18, 2007); Application of CenterPoint for a Financing Order, Docket No. 3700, Financing Order at 2 (Aug. 27, 2009); Application of Entergy Texas, Inc. for a Financing Order, Docket No. 37247, Financing Order at 2 (Sept. 11, 2009).

Docket No. 39931 Financing Order Page 17 of 82

set forth on Appendix C hereto. The estimates are based on assumptions regarding a number of variables that will directly affect the level of ongoing qualified costs, including (1) only one series of bonds will be issued and (2) the financing order will not permit the use of interest rate and foreign currency hedges, floating rate bonds, or transition bonds denominated in foreign currencies.

The Commission's analysis of TCC's request begins with the finding that certain of the ongoing costs that TCC proposes to recover directly through transition charges should be capped. This finding accords with TCC's prior securitizations, and other securitizations in Texas. TCC's case does not present sufficient distinctions to merit deviating from this practice.

In accordance with the agreed proposed financing order in Docket No. 39722, TCC will be authorized to recover its actual ongoing qualified costs of servicing and administration directly through the transition charges, subject to the cap on the annual servicing fees equal to 0.05% of the initial principal amount of transition bonds issued pursuant to this Financing Order and an annual cap on the administrative fees of \$100,000 for each BondCo plus reimbursable third-party costs incurred by it in its role as administrator, which apply so long as TCC continues to serve as the servicer or administrator, as applicable. Ongoing qualified costs also include an annual return at the authorized pre-tax return on equity determined in TCC's most recent base rate case on the amount, if any, of invested capital in excess of 0.5% of the principal amount of each series of bonds as discussed in Finding of Fact No. 33. Ongoing qualified costs, other than the servicing fees and administrative fees charged by TCC when it is the servicer and administrator, are not capped. They are, however, estimated in Appendix C. The amount of ongoing costs estimated in TCC's application and as reflected in Appendix C should be updated in the issuance advice letter to reflect more current information available to TCC prior to the issuance of the transition bonds. As set forth in Ordering Paragraph No. 28, the annual servicing fee payable to any other servicer not affiliated with TCC shall not at any time exceed 0.6% of the original principal amount of the transition bonds unless such higher rate is approved by the Commission pursuant to Ordering Paragraph No. 31.

Further, the Commission notes that the cost of retiring or refunding TCC's existing debt or equity using the proceeds from the transition bonds shall remain uncapped. Commission experience with these expenses indicates that they vary widely and are not entirely within the

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 19 of 117

Docket No. 39931 Financing Order Page 18 of 82

company's control. TCC does not anticipate incurring costs of retiring or refunding debt or equity in connection with the use of the proceeds from the issuance of the transition bonds.³⁴ However, if costs of retiring or refunding debt are incurred, the agreed proposed financing order in Docket No. 39722 provides that TCC should be authorized to record such costs as a regulatory asset included on its books and to accrue carrying costs on such regulatory asset using the average weighted interest rate on the transition bonds, until the costs are included in TCC's next base rate case, and that the costs, together with carrying costs, be considered for recovery in TCC's next base rate case, subject to a showing that such costs were prudently incurred and are reasonable and necessary.

III. Findings of Fact

A. Identification and Procedure

1. Identification of Applicant and Background

- 1. AEP Texas Central Company (TCC) is a transmission and distribution utility which owns and operates for compensation an extensive transmission and distribution network to provide electric service in the portion of this state which is included in the Electric Reliability Council of Texas (ERCOT). TCC is an indirect wholly-owned subsidiary of American Electric Power Company, Inc., which is a public utility holding company under the Public Utility Holding Company Act of 2005. Prior to January 2003, TCC's name was Central Power and Light Company.
- 2. On April 29, 2005, in Docket No. 31056,³⁵ TCC and CPL Retail Energy, LP jointly filed an application to determine the true-up balance pursuant to PURA § 39.262 in connection with the transition from a regulated to a competitive electricity market in ERCOT. After contested hearings, in its Order on Rehearing issued on April 4, 2006, the Commission determined that TCC was entitled to recover an aggregate true-up balance of \$1,475,933,779, together with applicable carrying costs.

³⁴ Direct Testimony of Randall W. Hamlett at 20.

³⁵ Application of AEP Texas Central Company and CPL Retail Energy, LP to Determine True-up Balances Pursuant to PURA § 39.262 and Petition to Determine Amount of Excess Mitigation Credits to be Refunded and Recovered, Docket No. 31056, Order on Rehearing (Apr. 14, 2006).

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 20 of 117

Docket No. 39931 Financing Order Page 19 of 82

- 3. TCC and certain other parties to Docket No. 31056 appealed the Commission's decision to the courts. On July 1, 2011, the Supreme Court affirmed the Commission's order in part and reversed the order in part and remanded the proceeding to the Commission for further proceedings consistent with the court's opinion.³⁶
- 4. On September 1, 2011, the Commission initiated Docket No. 39722,³⁷ the remand of Docket No. 31056 from the Supreme Court's opinion of July 1, 2011.
- 5. On December 2, 2011, certain parties in Docket No. 39722 filed an unopposed stipulation proposing a complete resolution of that proceeding. The unopposed stipulation provided that the amount of TCC's additional transition to competition costs under PURA § 39.262 were \$800 million and that TCC should be authorized to securitize that amount under PURA Chapter 39, Subchapter G, pursuant to the agreed proposed financing order included as part of the unopposed stipulation.
- 6. On December 15, 2012, the Commission issued an order approving the unopposed stipulation in Docket No. 39722.

2. Procedural History

- 7. On December 2, 2011, TCC filed its application and supporting evidence for a financing order under Subchapter G of Chapter 39 of PURA to securitize and to cause the issuance of transition bonds in an aggregate amount not to exceed \$800 million (the Securitizable Balance).
- 8. An intervention deadline of January 9, 2012 was established by order issued on December 6, 2011.
- 9. The following parties requested and were granted intervention: Texas Industrial Energy Consumers, Alliance for Retail Markets, and TXU Energy Retail Company LLC.
- 10. Good cause exists to waive the requirements of P.U.C. Proc. R. 22.35(b)(2) that the proposed order be served on all parties no less than 20 days before the Commission is

³⁶ AEP Texas Central Company v. Pub. Util. Comm'n, __ S.W.3d __ (Tex. 2011).

³⁷ Remand of Docket No. 31056 (Application of AEP Texas Central Company and CPL Retail Energy, LP to Determine True-up Balances Pursuant to PURA § 39.262 and Petition to Determine Amount of Excess Mitigation Credits to be Refunded and Recovered), Docket No. 39722 (pending).

Docket No. 39931 Financing Order Page 20 of 82

scheduled to consider the application in an open meeting. Waiver of the requirements permits consideration of the proposed order at the January 12, 2012 open meeting so that consumers may obtain the earliest and greatest possible benefit from the proposed securitization of the transition to competition costs agreed to in the unopposed stipulation in Docket No. 39722.

11. [Reserved]

On January 12, 2012, in open meeting, the Commission deliberated on the merits of TCC's application and rendered its final order which: (a) approved the securitization of the Securitizable Balance of \$800 million; (b) authorized the issuance of transition bonds in one or more series in an aggregate principal amount not to exceed the Securitizable Balance; (c) approved the structure of the proposed securitization financing; (d) approved transition charges in an amount to be calculated as provided in this Financing Order; and (e) approved the form of tariff as provided in this Financing Order to implement those transition charges.

3. Notice of Application

- 13. Notice of TCC's application was provided through publication once a week for two consecutive weeks in newspapers having general circulation in TCC's service area; such notice by publication was completed on December 18, 2011. In addition, upon the filing of its application on December 2, 2011, TCC provided notice, by furnishing a copy of its application to each party to Docket No. 39722.
- On December 2, 2011, TCC also provided individual notice: (a) to the governing bodies of all Texas incorporated municipalities that have retained original jurisdiction over TCC;(b) to all municipally owned electric utilities and electric cooperatives with multiply certificated service areas with TCC; and (c) to each retail electric provider listed on the Commission website.
- 15. Verification of the mailing of individual notices to the municipalities, to the municipally owned electric utilities and electric cooperatives with multiply certificated service areas with TCC, and to the REPs, and of the furnishing of a copy of TCC's filing package on each of the parties to Docket No. 39722 was made by affidavit filed on December 6,

Docket No. 39931 Financing Order Page 21 of 82

2011. Proof of publication of notice was submitted in the form of publishers' affidavits on December 29, 2011.

B. Qualified Costs and Amount to be Securitized

1. Identification

16. Qualified costs are defined in PURA to include 100% of an electric utility's regulatory assets and 75% of its recoverable costs determined by the Commission under PURA § 39.201 and any remaining amounts determined under PURA § 39.262 together with the costs of issuing, supporting, and servicing transition bonds and any costs of retiring and refunding the electric utility's existing debt and equity securities in connection with the issuance of transition bonds. Qualified costs also include the costs to the Commission of acquiring professional services for the purpose of evaluating proposed securitization transactions.³⁸

17. [Reserved]

- 18. Pursuant to the unopposed stipulation in Docket No. 39722, the Securitizable Balance includes up-front qualified costs of the securitization. TCC will be responsible for up-front costs incurred in issuing the transition bonds, including without limitation, underwriting discount and fees. For convenience purposes any of these costs may be paid by the special purpose entity ("BondCo") created by TCC to issue the transition bonds. Upon the issuance of transition bonds, the BondCo will pay the net proceeds from the sale of the transition bonds (after payment of transaction costs) to TCC for the purchase price of the transition property. TCC will apply these net proceeds to reduce the debt and/or common equity on its regulatory books.
- 19. TCC does not anticipate incurring costs of retiring or refunding debt or equity in connection with the proceeds from the issuance of the transition bonds.³⁹ However, in accordance with the agreed proposed financing order in Docket No. 39722, if costs of retiring or refunding debt are incurred, the Commission authorizes TCC to record such

³⁸ See PURA § 39.302(4).

³⁹ Direct Testimony of Randall W. Hamlett at 20.

Docket No. 39931 Financing Order Page 22 of 82

costs as a regulatory asset included on its books. TCC is allowed to accrue carrying costs on such regulatory asset using the weighted-average interest rate on the transition bonds. The accrual of carrying costs will continue until the costs are included in TCC's next base rate case, and the costs, together with carrying costs, will be considered for recovery in TCC's next base rate case, subject to a showing that such costs were prudently incurred and are reasonable and necessary.

2. Balance to be Securitized

- 20. TCC should be authorized to cause transition bonds to be issued in one or more series in an aggregate principal amount not to exceed the Securitizable Balance of \$800 million. The proposed recovery of this sum through the issuance of transition bonds as provided in this Financing Order should be approved because consumers will receive tangible and quantifiable benefits as a result of the securitization.
- It is appropriate for TCC to recover the annual ongoing servicing fees and the annual 21. fixed operating costs directly through transition charges. It is also appropriate to impose additional limits to ensure that the servicing fees incurred when TCC serves as servicer do not exceed 0.05% of the initial principal balance of the transition bonds and that the administrative fees incurred when TCC is the administrator do not exceed \$100,000 per year for each BondCo plus reimbursable third party costs as shown in Appendix C. Consistent with TCC's prior securitizations, the annual servicing fee payable to a servicer not affiliated with TCC will not exceed 0.6% of the initial principal balance of the transition bonds unless such higher rate is approved by the Commission. If TCC is required to contribute capital which is more than 0.5% of the original amount of any series of bonds as provided in Finding of Fact No. 33, TCC should be permitted to earn an annual return on such additional capital contribution at the authorized pre-tax return on equity established in its most recent base rate case and recover such costs through the transition charges as an a qualified ongoing cost. Ongoing costs other than the servicer and administrative fees charged by TCC when it serves as servicer and administrator are not capped, but are estimated in Appendix C to this Financing Order. The servicing and administrative fees collected by TCC, or any affiliate of TCC, acting as servicer or administrator under the servicing agreement or administration agreement shall be

Docket No. 39931 Financing Order Page 23 of 82

included as a revenue credit and reduce revenue requirements in each subsequent rate case. The expenses incurred by TCC or such affiliate to perform obligations under the servicing agreement should be included in each TCC base rate case.

3. Issuance Advice Letter

- Because the actual structure and pricing of the transition bonds will not be known at the 22. time this Financing Order is issued, following determination of the final terms of the transition bonds and prior to issuance of the transition bonds, TCC will file with the Commission for each series of transition bonds issued, and no later than the end of the first business day after the pricing date for that series of transition bonds, an issuance advice letter. The issuance advice letter for each series of transition bonds will be completed to report the actual dollar amount of the initial transition charges and other information specific to the transition bonds to be issued. TCC's issuance advice letter for each series of transition bonds shall update the benefit analysis to verify that the final amount securitized by that series satisfies the statutory tests. All amounts that require computation will be computed using the mathematical formulas contained in the form of the issuance advice letter in Appendix A to this Financing Order and Schedule TC-3. The initial transition charges and the final terms of the transition bonds set forth in the issuance advice letter shall become effective on the date of issuance of each series of transition bonds unless prior to noon on the fourth business day after pricing the Commission issues an order finding that the proposed issuance does not comply with the requirements of PURA and this Financing Order.
- 23. TCC will submit a draft issuance advice letter to the Commission Staff for review not later than two weeks prior to the expected date of commencement of marketing each series of transition bonds. Within one week after receipt of the draft issuance advice letter, Commission Staff will provide TCC comments and recommendations regarding the adequacy of the information provided.
- 24. The issuance advice letter for a series of transition bonds shall be submitted to the Commission not later than the end of the first business day after the pricing of such series of transition bonds. Commission Staff may request such revisions of the issuance advice letter as may be necessary to assure the accuracy of the calculations and that the

Docket No. 39931 Financing Order Page 24 of 82

requirements of PURA and of this Financing Order have been met. The initial transition charges and the final terms of the transition bonds set forth in the issuance advice letter shall become effective on the date of issuance of the transition bonds (which shall not occur prior to the fifth business day after pricing) unless prior to noon on the fourth business day after pricing the Commission issues an order finding that the proposed issuance does not comply with the requirements of PURA and the Financing Order.

- 25. The completion and filing of an issuance advice letter in the form of the issuance advice letter attached as Appendix A, including the certification from TCC discussed in Finding of Fact Nos. 26 and 99, is necessary to ensure that any securitization actually undertaken by TCC complies with the terms of this Financing Order.
- 26. The certification statement contained in TCC's certification letter shall be worded precisely as the statement in the form of the issuance advice letter approved by the Commission. Other aspects of the certification letter may be modified to describe the particulars of the transition bonds and the actions that were taken during the transaction.

4. Tangible and Quantifiable Benefit

27. The statutory requirement in PURA § 39.301 that directs the Commission to ensure that securitization provides tangible and quantifiable benefits to consumers greater than would be achieved absent the issuance of transition bonds can only be determined using an economic analysis to account for the time value of money. An analysis that compares in the aggregate the present value of the revenue requirements over an expected life of the transition bonds of approximately 14 years with recovery of the balance sought to be securitized over an equivalent 14-year period through a competition transition charge, which is reflective of conventional utility financing, is an appropriate economic analysis to demonstrate whether securitization provides economic benefits to consumers. The benefits for consumers set forth in TCC's evidence are fully indicative of the benefits that consumers will realize from the securitization approved hereby. Also in the issuance advice letter, TCC will be required to update the benefit analyses to verify that the final amount securitized satisfies this statutory financial test.

Docket No. 39931 Financing Order Page 25 of 82

28. The financial analysis presented by TCC indicates that the requested securitization financing is expected to result in approximately \$40 million of tangible and quantifiable economic benefits to consumers on a present-value basis under the worst-case scenario in which the transition bonds bear a 6% weighted-average interest rate. Using the projected weighted-average interest rate for the transition bonds of 2.889%, the benefits would be even larger, or \$228 million. The actual benefit to consumers will depend upon market conditions at the time the transition bonds are issued and the amount actually securitized. This range of quantifications uses a maximum expected life of 14 years and reflects the present value of estimated ongoing qualified costs. These estimates assume that actual ongoing qualified costs will be shown as on Appendix C to this Financing Order. The benefits for consumers set forth in TCC's evidence are fully indicative of the benefits that consumers will realize from the securitization approved hereby; however, the actual benefit to consumers will depend upon market conditions on the date of the issuance of the transition bonds and the actual scheduled maturity of the transition bonds. In the issuance advice letter, TCC will be required to provide an updated tangible and quantifiable benefit analysis to verify that this statutory financial test is met.

5. Present Value Cap

29. The amount securitized may not exceed the present value of the revenue requirement over the life of the proposed transition bonds associated with conventional (i.e., non-securitized) recovery of the authorized amounts where the present value analysis uses a discount rate equal to the proposed interest rate on the transition bonds. The analysis presented by TCC to calculate economic benefits also demonstrates that the amount TCC seeks to securitize does not exceed the present value of the revenue requirement associated with the securitized amount over the expected 14-year life of the transition bonds. Under the worst-case scenario in which the bonds bear a 6% weighted-average interest rate, that present value is approximately \$807 million compared to approximately \$847 million under conventional utility financing. Using the projected weighted-average interest rate of 2.889%, the present value of the amount TCC seeks to securitize is approximately \$809 million. These estimates assume the transition bonds will be issued

⁴⁰ See PURA § 39.301.

Docket No. 39931 Financing Order Page 26 of 82

with an expected life of 14 years and that actual ongoing qualified costs will be shown as on Appendix C to this Financing Order. The benefits for consumers set forth in TCC's evidence are fully indicative of the benefits consumers will realize from the securitization approved hereby, and, in the issuance advice letter, TCC will be required to update the benefit analyses to verify that this statutory financial test is met.

30. The amount of qualified costs to be securitized does not exceed the present value of the revenue requirement over the maximum expected 14-year life of the transition bonds associated with the amount approved to be securitized in this Financing Order. The present value analysis uses a discount rate equal to the maximum allowed weighted-average interest rate on the transition bonds on an annual basis.

6. Total Amount of Revenue to be Recovered

The Commission is required to find that the total amount of revenues to be collected 31. under this Financing Order will be less than the revenue requirement that would be recovered over the remaining life of the amounts that are securitized under this Financing Order, using conventional financing methods.⁴¹ The appropriate conventional financing method with which to make this comparison is the recovery of the amount through competition transition charges determined under PURA § 39.201. Under the worst-case scenario in which the bonds bear a 6% weighted-average interest rate, TCC financial analysis indicates that the total amount of revenues to be collected under this Financing Order is expected to be approximately \$93 million less than the revenue requirement that would be recovered over the remaining life of the amounts using conventional utility financing methods. Using the expected weighted-average interest rate of 2.889%, the benefits of securitization would be even larger, or approximately \$287 million. These estimates assume the transition bonds will be issued with a maximum expected life of 14 years and that actual ongoing qualified costs will be shown as on Appendix C to this Financing Order. The benefits for consumers set forth in TCC's evidence are fully indicative of the benefits consumers will realize from the securitization approved hereby,

⁴¹ See id. § 39.303(a).

Docket No. 39931 Financing Order Page 27 of 82

and, in the issuance advice letter, TCC will be required to update the benefit analyses to verify that this statutory test is met.

C. Structure of the Proposed Securitization

1. BondCo

32. For purposes of this securitization, TCC will create one or more BondCo, a special purpose transition funding entity (each of which referred to as "BondCo") which will be a Delaware limited liability company with TCC as its sole member. If more than one series of transition bonds are issued, TCC will create a separate BondCo for the issuance of a particular series of transition bonds and the rights, structure and restrictions described in this Financing Order with respect to BondCo will be applicable to each such purchaser of transition property to the extent of the transition property sold to it and the transition bonds issued by it. BondCo will be formed for the limited purpose of acquiring transition property, issuing transition bonds in one or more tranches, and performing other activities relating thereto or otherwise authorized by this Financing Order. BondCo will not be permitted to engage in any other activities and will have no assets other than transition property and related assets to support its obligations under the transition bonds. Obligations relating to the transition bonds will be BondCo's only significant liabilities. These restrictions on the activities of BondCo and restrictions on the ability of TCC to take action on BondCo's behalf are imposed to achieve the objective that BondCo will be bankruptcy remote and not affected by a bankruptcy of TCC. BondCo will be managed by a board of managers with rights and duties similar to those of a board of directors of a corporation. As long as the transition bonds remain outstanding, BondCo will have at least one independent manager with no organizational affiliation with TCC other than acting as independent manager for any other bankruptcy-remote subsidiary of TCC or its affiliates, including AEP Texas Central Transition Funding LLC, the issuer of the transition bonds approved in Docket No. 21528, 42 and AEP Texas Central Transition

⁴² Application of Central Power and Light Company for a Financing Order to Securitize Regulatory Assets and Other Qualified Costs, Docket No. 21528, Financing Order (Mar. 27, 2000).

Docket No. 39931 Financing Order Page 28 of 82

Funding II LLC, the issuer of the transition bonds approved in Docket 32475.⁴³ BondCo will not be permitted to amend the provisions of the organizational documents that relate to bankruptcy-remoteness of BondCo without the consent of the independent manager. Similarly, BondCo will not be permitted to institute bankruptcy or insolvency proceedings or to consent to the institution of bankruptcy or insolvency proceedings against it, or to dissolve, liquidate, consolidate, convert, or merge without the consent of the independent manager. Other restrictions to facilitate bankruptcy-remoteness may also be included in the organizational documents of BondCo as required by the rating agencies.

- 33. The initial capital of BondCo is expected to be not less than 0.5% of the original principal amount of the transition bonds issued by BondCo. Adequate funding of BondCo at this level is intended to protect the bankruptcy remoteness of BondCo. A sufficient level of capital is necessary to minimize this risk and, therefore, assist in achieving the lowest transition bond charges possible. The SEC is considering major modifications to its regulations pertaining to securitizations. It is not known how any changes resulting from the SEC's consideration will affect the level of capital which must be invested in BondCo, or other costs of issuing, supporting, and servicing the transition bonds. If TCC is required to contribute capital which is more than 0.5% of the original amount of any series of bonds, TCC should be permitted to earn an annual return on such additional capital contribution at the authorized pre-tax return on equity established in its most recent base rate case. The required revenue, if any, to provide an annual return on any such additional capital at TCC's then authorized return on equity is an ongoing qualified cost.
- 34. BondCo will issue one series of transition bonds consisting of one or more tranches. The aggregate amount of all tranches of all series of transition bonds issued pursuant to this Financing Order shall not to exceed the principal amount approved by this Financing Order. BondCo will pledge to the indenture trustee, as collateral for payment of the transition bonds, the transition property, including BondCo's right to receive the

⁴³ Application of AEP Texas Central Company for a Financing Order, Docket No. 32475, Financing Order (Jun. 21, 2006).

Docket No. 39931 Financing Order Page 29 of 82

- transition charges as and when collected, and certain other collateral described in TCC's application.
- 35. Concurrent with the issuance of any of the transition bonds, TCC will transfer to BondCo all of TCC's rights under this Financing Order related to the amount of transition bonds BondCo is issuing, including rights to impose, collect, and receive transition charges approved in this Financing Order. This transfer will be structured so that it will qualify as a true sale within the meaning of PURA § 39.308. By virtue of the transfer, BondCo will acquire all of the right, title, and interest of TCC in the transition property arising under this Financing Order that is related to the amount of transition bonds BondCo is issuing.
- 36. The use and proposed structure of BondCo and the limitations related to its organization and management are necessary to minimize risks related to the proposed securitization transactions and to minimize the transition charges. Therefore, the use and proposed structure of BondCo should be approved.

2. Credit Enhancement and Arrangements to Reduce Interest Rate Risk or Enhance Marketability

37. TCC requested approval to use additional forms of credit enhancement (including letters of credit, reserve accounts, surety bonds, or guarantees) and other mechanisms designed to promote the credit quality and marketability of the transition bonds if the benefits of such arrangements exceed their cost. TCC also asked that the costs of any credit enhancements as well as the costs of arrangements to enhance marketability be included in the amount of qualified costs to be securitized. TCC should be permitted to recover the ongoing costs of credit enhancements and arrangements to enhance marketability, provided that the Commission's designated representative and TCC agree in advance that such enhancements and arrangements provide benefits greater than their tangible and intangible costs. If the use of original issue discount, credit enhancements, or other arrangements is proposed by TCC, TCC shall provide the Commission's designated representative copies of all cost/benefit analyses performed by or for TCC that support the request to use such arrangements. This finding does not apply to the collection account or its subaccounts approved in this Financing Order.

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 31 of 117

Docket No. 39931

Financing Order

Page 30 of 82

- 38. TCC's proposed use of credit enhancements and arrangements to enhance marketability is reasonable and should be approved, provided that TCC certifies that the enhancements or arrangements provide benefits greater than their cost and that such certifications are agreed to by the Commission's designated representative.
- 39. In prior financing orders,⁴⁴ the Commission determined that the costs and risks of swap transactions outweighed the expected benefits and prohibited the use of interest rate swaps.
- 40. Also in prior financing orders, the Commission determined that the use of floating rate notes, notes denominated in foreign currencies, interest rate hedges, and interest-rate swaps would not be expected to result in the lowest transition bond charges, and would expose consumers to higher risks and greater uncertainty about future costs. Accordingly, the Commission has determined that TCC should not be permitted to use floating rate notes, notes denominated in foreign currencies, hedges, or interest swaps in this transaction.

3. Transition Property

- 41. Under PURA § 39.304(a), the rights and interest of an electric utility or successor under a financing order, including the right to impose, collect, and receive the transition charges authorized in the financing order, are only contract rights until they are first transferred to an assignee or pledged in connection with the issuance of transition bonds, at which time they will become transition property.
- 42. The rights to impose, collect, and receive the transition charges approved in this Financing Order along with the other rights arising pursuant to this Financing Order will become transition property upon the transfer of such rights by TCC to BondCo pursuant to PURA § 39.304. If transition bonds are issued in more than one series, then the transition property transferred as a result of each issuance shall be only those rights associated with that portion of the total amount authorized to be securitized by this

E.g., Docket No. 32475, Financing Order at 14-15; Application of Entergy Gulf States, Inc. for a Financing Order, Docket No. 33586, Financing Order at 2 (Apr. 2, 2007); Application of CenterPoint Houston Electric, LLC for a Financing Order, Docket No. 34448, Financing Order at 2 (Sept. 18, 2007); Application of CenterPoint for a Financing Order, Docket No. 3700, Financing Order at 2 (Aug. 27, 2009); Application of Entergy Texas, Inc. for a Financing Order, Docket No. 37247, Financing Order at 2 (Sept. 11, 2009).

Docket No. 39931 Financing Order Page 31 of 82

Financing Order which is securitized by such issuance. The rights to impose, collect and receive transition charges along with the other rights arising pursuant to this Financing Order as they relate to any portion of the total amount authorized to be securitized that remains unsecuritized shall remain with TCC and shall not become transition property until transferred to a BondCo in connection with a subsequent issuance of transition bonds.

- 43. Transition property and all other collateral will be held and administered by the indenture trustee pursuant to the indenture, as described in TCC's application. This proposal will help ensure the lowest transition-bond charges and should be approved.
- 44. Under PURA § 39.304(b), transition property constitutes a present property right for purposes of contracts concerning the sale or pledge of property, even though the imposition and collection of transition charges depends on further acts of the utility or others that have not yet occurred.

4. Servicer and the Servicing Agreement

TCC will execute a servicing agreement with BondCo. The servicing agreement may be 45. amended, renewed or replaced by another servicing agreement. The entity responsible for carrying out the servicing obligations under any servicing agreement is the servicer. TCC will be the initial servicer but may be succeeded as servicer by another entity under certain circumstances detailed in the servicing agreement and as authorized by the Commission. Pursuant to the servicing agreement, the servicer is required, among other things, to impose and collect the applicable transition charges for the benefit and account of BondCo, to make the periodic true-up adjustments of transition charges required or allowed by this Financing Order, and to account for and remit the applicable transition charges to or for the account of BondCo in accordance with the remittance procedures contained in the servicing agreement without any charge, deduction or surcharge of any kind (other than the servicing fee specified in the servicing agreement). Under the terms of the servicing agreement, if any servicer fails to perform its servicing obligations in any material respect, the indenture trustee acting under the indenture to be entered into in connection with the issuance of the transition bonds, or the indenture trustee's designee, may, or, upon the instruction of the requisite percentage of holders of the outstanding Docket No. 39931 Financing Order Page 32 of 82

amount of transition bonds, shall, appoint an alternate party to replace the defaulting servicer, in which case the replacement servicer will perform the obligations of the servicer under the servicing agreement. The obligations of the servicer under the servicing agreement and the circumstances under which an alternate servicer may be appointed are more fully described in the servicing agreement. The rights of BondCo under the servicing agreement will be included in the collateral pledged to the indenture trustee under the indenture for the benefit of holders of the transition bonds. TCC currently serves as servicer of the transition charges related to the transition bonds issued by AEP Texas Central Transition Funding LLC, in February of 2002 pursuant to the financing order issued in Docket No. 21528, and related to the transition bonds issued by AEP Texas Central Transition Funding II LLC, in October of 2006 pursuant to the financing order issued in Docket No. 32475. Consequently, TCC, as initial servicer of transition charges associated with transition bonds issued under this Financing Order will, and any successor servicer may, simultaneously be serving as servicer of separate transition charges associated with transition bonds for more than one issuer.

- 46. The servicing agreement negotiated as part of this securitization shall contain a recital clause that the Commission, or its attorney, will enforce the servicing agreement for the benefit of Texas ratepayers to the extent permitted by law.
- 47. The servicing agreement negotiated as part of this securitization shall include a provision that TCC shall indemnify the Commission (for the benefit of consumers) in connection with any increase in servicing fees that become payable as a result of a default resulting from TCC's willful misconduct, bad faith or negligence in performance of its duties or observance of its covenants under the servicing agreement. The indemnity will be enforced by the Commission but will not be enforceable by any REP or consumer.
- 48. The obligations to continue to provide service and to collect and account for transition charges will be binding upon TCC and any other entity that provides transmission and distribution services or direct wire services to a person that was a retail consumer located within TCC's service area as it existed on May 1, 1999, or that became a retail consumer for electric services within such area after May 1, 1999, and is still located within such area, except as provided in Finding of Fact Nos. 71 through 73. Further, and to the extent

Docket No. 39931 Financing Order Page 33 of 82

REPs are responsible for imposing and billing transition charges on behalf of BondCo, billing and credit standards approved in this Financing Order will be binding on all REPs that bill and collect transition charges from such retail consumers, together with their successors and assigns. The Commission will enforce the obligations imposed by this Financing Order, its applicable substantive rules, and statutory provisions.

- 49. To the extent that any interest in the transition property created by this Financing Order is assigned, sold or transferred to an assignee, ⁴⁵ TCC will enter into a contract with that assignee that will require TCC to continue to operate its transmission and distribution system in order to provide electric services to TCC's customers. This provision does not prohibit TCC from selling, assigning or otherwise divesting its transmission and distribution system or any part thereof so long as the entity acquiring such facilities agrees to continue operating the facilities to provide electric services to TCC's customers.
- 50. The provisions described in Finding of Fact Nos. 45 through 49 are reasonable, will reduce risk associated with the proposed securitization and will, therefore, result in lower transition bond charges and greater benefits to consumers and should be approved.

5. Retail Electric Providers

- 51. The servicer will bill the transition charges to each retail consumer's REP and the REP will collect the transition charges from its retail customers.
- 52. Schedule TC-3 sets forth minimum billing and collection standards to apply to REPs that collect transition charges approved by this Financing Order from retail electric consumers. The Commission finds that the REP standards set forth in Schedule TC-3 are appropriate and should be adopted.
- 53. The REP standards set forth in Schedule TC-3 relate only to the billing and collection of transition charges authorized under this Financing Order, and do not apply to collection of any other nonbypassable charges or other charges. The standards apply to all REPs other than REPs that have contracted with TCC to have TCC bill and collect transition

The term "assignee" means "any individual, corporation, or other legally recognized entity to which an interest in transition property is transferred, other than as security, including any assignee of that party." See PURA § 39.302(1).

Docket No. 39931 Financing Order Page 34 of 82

charges from the REPs' retail consumers. REPs may contract with parties other than TCC to bill and collect transition charges from retail consumers, but such parties shall remain subject to these standards. Upon adoption of any amendment to P.U.C. SUBST. R. 25.108, the Commission Staff will open a proceeding to investigate the need to modify the standards in Schedule TC-3 to conform to that rule, provided that such modifications may not be implemented absent prior written confirmation from each of the rating agencies that have rated the transition bonds that such modifications will not cause a suspension, withdrawal, or downgrade of the ratings on the transition bonds.

The REP standards are as follows:

a. Rating, Deposit, and Related Requirements.

Each REP must (1) have a long-term, unsecured credit rating of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively, or (2) provide (a) a deposit of two months' maximum expected transition charge collections in the form of cash, (b) an affiliate guarantee, surety bond, or letter of credit providing for payment of such amount of transition charge collections in the event that the REP defaults in its payment obligations, or (c) a combination of any of the foregoing. A REP that does not have or maintain the requisite long-term, unsecured credit rating may select which alternate form of deposit, credit support, or combination thereof it will utilize, in its sole discretion. The indenture trustee shall be a beneficiary of any affiliate guarantee, surety bond or letter of credit. The provider of any affiliate guarantee, surety bond, or letter of credit must have and maintain a long-term, unsecured credit rating of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively.

b. Loss of Rating.

If the long-term, unsecured credit rating from either Standard & Poor's or Moody's Investors Service of a REP that did not previously provide the alternate form of deposit, credit support, or combination thereof or of any provider of an affiliate guarantee, surety bond, or letter of credit is suspended, withdrawn, or downgraded below "BBB-" or "Baa3" (or the equivalent), the REP must provide the alternate form of

Docket No. 39931 Financing Order Page 35 of 82

deposit, credit support, or combination thereof, or new forms thereof, in each case from providers with the requisite ratings, within 10 business days following such suspension, withdrawal, or downgrade. A REP failing to make such provision must comply with the provisions set forth in Paragraph (e).

c. Computation of Deposit, etc.

The computation of the size of a deposit required under Paragraph (a) shall be agreed upon by the servicer and the REP, and reviewed no more frequently than quarterly to ensure that the deposit accurately reflects two months' maximum expected transition charge collections. Within 10 business days following such review, (1) the REP shall remit to the indenture trustee the amount of any shortfall in such required deposit or (2) the servicer shall instruct the indenture trustee to remit to the REP any amount in excess of such required deposit. A REP failing to so remit any such shortfall must comply with the provisions set forth in Paragraph (e). REP cash deposits shall be held by the indenture trustee, maintained in a segregated account, and invested in short-term high quality investments, as permitted by the rating agencies rating the transition bonds. Investment earnings on REP cash deposits shall be considered part of such cash deposits so long as they remain on deposit with the indenture trustee. At the instruction of the servicer, cash deposits will be remitted with investment earnings to the REP at the end of the term of the transition bonds unless otherwise utilized for the payment of the REP's obligations for transition charges. Once the deposit is no longer required, the servicer shall promptly (but not later than 30 calendar days) instruct the indenture trustee to remit the amounts in the segregated accounts to the REP.

d. Payment of Transition Charges.

Payments of transition charges are due 35 calendar days following each billing by the servicer to the REP, without regard to whether or when the REP receives payment from its retail customers. The servicer shall accept payment by electronic funds transfer, wire transfer, and/or check. Payment will be considered received the date the electronic funds transfer or wire transfer is received by the servicer, or the date the check clears. A 5% penalty is to be charged on amounts received after 35 calendar days; however, a 10 calendar-day grace period will be allowed before the REP is considered to be in default.

Page 36 of 82

Docket No. 39931 Financing Order

A REP in default must comply with the provisions set forth in Paragraph (e). The 5% penalty will be a one-time assessment measured against the current amount overdue from the REP to the servicer. The "current amount" consists of the total unpaid transition charges existing on the 36th calendar day after billing by the servicer. Any and all such penalty payments will be made to the indenture trustee to be applied against transition charge obligations. A REP shall not be obligated to pay the overdue transition charges of another REP. If a REP agrees to assume the responsibility for the payment of overdue transition charges as a condition of receiving the customers of another REP that has decided to terminate service to those customers for any reason, the new REP shall not be assessed the 5% penalty upon such transition charges; however, the prior REP shall not be relieved of the previously-assessed penalties.

e. Remedies Upon Default.

After the 10 calendar-day grace period (the 45th calendar day after the billing date) referred to in Paragraph (d), the servicer shall have the option to seek recourse against any cash deposit, affiliate guarantee, surety bond, letter of credit, or combination thereof provided by the REP, and avail itself of such legal remedies as may be appropriate to collect any remaining unpaid transition charges and associated penalties due the servicer after the application of the REP's deposit or alternate form of credit support. In addition, a REP that is in default with respect to the requirements set forth in Paragraphs (b), (c), or (d) above shall, subject to the limitations and requirements of the bankruptcy code if the REP is a debtor in bankruptcy, select and implement one of the following options:

- (1) Allow the Provider of Last Resort (POLR) or a qualified REP of the consumer's choosing to immediately assume the responsibility for the billing and collection of transition charges.
- (2) Immediately implement other mutually suitable and agreeable arrangements with the servicer. It is expressly understood that the servicer's ability to agree to any other arrangements will be limited by the terms of the servicing agreement and requirements of each of the rating agencies that have rated the transition bonds necessary to avoid a suspension, withdrawal, or downgrade of the ratings on the transition bonds.

Docket No. 39931 Financing Order Page 37 of 82

(3) Arrange that all amounts owed by retail consumers for services rendered be timely billed and immediately paid directly into a lock-box controlled by the servicer with such amounts to be applied first to pay transition charges before the remaining amounts are released to the REP. All costs associated with this mechanism will be borne solely by the REP.

If a REP that is in default fails to immediately select and implement one of the foregoing options or, after so selecting one of the foregoing options, fails to adequately meet its responsibilities thereunder, then the servicer shall immediately implement option (1), subject to the limitations and requirements of the bankruptcy code if the REP is a debtor in bankruptcy. Upon re-establishment of compliance with the requirements set forth in Paragraphs (b), (c) and (d) above and the payment of all past-due amounts and associated penalties, the REP will no longer be required to comply with this paragraph.

f. Interest of REPs (including the POLR) in Funds Held by Servicer.

Any interest that a REP (including the POLR) may have in any funds in the hands of the servicer shall be junior and subordinate to any and all rights of the indenture trustee or BondCo to such funds.

g. Billing by Providers of Last Resort, etc.

The POLR appointed by the Commission must meet the minimum credit rating or deposit/credit support requirements described in Paragraph (a) in addition to any other standards that may be adopted by the Commission. If the POLR defaults or is not eligible to provide such services, responsibility for billing and collection of transition charges will immediately be transferred to and assumed by the servicer until a new POLR can be named by the Commission or the consumer requests the services of a certified REP. Retail consumers may never be re-billed by the successor REP, the POLR, or the servicer for any amount of transition charges they have paid their REP (although future transition charges shall reflect REP and other system-wide charge-offs). Additionally, if the amount of the penalty detailed in Paragraph (d) is the sole remaining past-due amount after the 45th calendar day, the REP shall not be required to comply with clauses (1), (2),

Docket No. 39931 Financing Order Page 38 of 82

or (3) of Paragraph (e) above, unless the penalty is not paid within an additional 30 calendar days.

h. Disputes.

In the event that a REP disputes any amount of billed transition charges, the REP shall pay the disputed amount under protest according to the timelines detailed in Paragraph (d). The REP and servicer shall first attempt to informally resolve the dispute, but if they fail to do so within 30 calendar days, either party may file a complaint with the Commission. If the REP is successful in the dispute process (informal or formal), the REP shall be entitled to interest on the disputed amount paid to the servicer at the Commission-approved interest rate. Disputes about the date of receipt of transition charge payments (and penalties arising thereof) or the size of a required REP deposit will be handled in a like manner. It is expressly intended that any interest paid by the servicer on disputed amounts shall not be recovered through transition charges if it is determined that the servicer's claim to the funds is clearly unfounded. No interest shall be paid by the servicer if it is determined that the servicer has received inaccurate metering data from another entity providing competitive metering services pursuant to PURA § 39.107.

i. Metering Data.

If the servicer is providing the metering, metering data will be provided to the REP at the same time as the billing. If the servicer is not providing the metering, the entity providing the metering services will be responsible for complying with Commission rules and ensuring that the servicer and the REP receive timely and accurate metering data in order for the servicer to meet its obligations under the servicing agreement and this Financing Order with respect to billing and true-ups.

j. Charge-Off Allowance.

The REP will be allowed to hold back an allowance for charge-offs in its payments to the servicer. Such charge-off rate will be recalculated each year in connection with the annual true-up procedure. In the initial year, REPs will be allowed to remit payments based on the same charge-off percentage then being used by the REP to remit payments to the servicer in connection with transition charges related to transition

Docket No. 39931 Financing Order Page 39 of 82

bonds issued by AEP Texas Central Transition Funding, LLC, in February 2002 pursuant to the financing order in Docket No. 21528, and in connection with transition charges related to transition bonds issued by AEP Texas Central Transition Funding II, LLC, in October 2006 pursuant to the financing order in Docket No. 32475. On an annual basis in connection with the true-up process, the REP and the servicer will be responsible for reconciling the amounts held back with amounts actually written off as uncollectible in accordance with the terms agreed to by the REP and the servicer, provided that:

- (1) The REP's right to reconciliation for write-offs will be limited to customers whose service has been permanently terminated and whose entire accounts (*i.e.*, all amounts due the REP for its own account as well as the portion representing transition charges) have been written off.
- (2) The REP's recourse will be limited to a credit against future transition charge payments unless the REP and the servicer agree to alternative arrangements, but in no event will the REP have recourse to the indenture trustee, BondCo, or BondCo's funds for such payments.
- (3) The REP shall provide information on a timely basis to the servicer so that the servicer can include the REP's default experience and any subsequent credits into its calculation of the adjusted transition-charge rates for the next transition-charge billing period and the REP's rights to credits will not take effect until after such adjusted transition-charge rates have been implemented.

k. Service Termination.

In the event that the servicer is billing consumers for transition charges, the servicer shall have the right to terminate transmission and distribution service to the enduse consumer for non-payment by the end-use consumer pursuant to applicable Commission rules. In the event that a REP or the POLR is billing consumers for transition charges, the REP or POLR shall have the right to transfer the customer to the POLR (or to another certified REP) or to direct the servicer to terminate transmission and distribution service to the end-use consumer for non-payment in accordance with the applicable Commission rules.

Docket No. 39931 Financing Order Page 40 of 82

- 54. The proposed billing and collection standards for REPs are the same as those adopted in Docket Nos. 21528 and 32475 and currently applied by TCC in its capacity as servicer under the transition bonds issued pursuant to the financing orders in those dockets.
- 55. The proposed billing and collection standards for REPs and the applicability of those standards are appropriate for the collection of transition charges resulting from this Financing Order, are reasonable and will lower risks associated with the collection of transition charges and will result in lower transition bond charges and greater benefits to consumers. In addition, adoption of these standards will provide uniformity of standards for the billing and collection of transition charges for which TCC acts as servicer. Therefore, the proposed billing and collection standards for REPs and the applicability of those standards described in Finding of Fact Nos. 52 and 53 should be approved.

6. Transition Bonds

- BondCo will issue and sell transition bonds in one series consisting of one or more 56. tranches. The legal final maturity date of any series of transition bonds will not exceed 15 years from the date of issuance of such series. The legal final maturity date of each series and tranche within a series and amounts in each series will be finally determined by TCC and the Commission's designated representative, consistent with market conditions and indications of the rating agencies, at the time the transition bonds are priced, but subject to ultimate Commission review through the issuance advice letter process. TCC will retain sole discretion regarding whether or when to assign, sell, or otherwise transfer any rights concerning transition property arising under this Financing Order, or to cause the issuance of any transition bonds authorized in this Financing Order, subject to the right of the Commission to find that the proposed issuance does not comply with the requirements of PURA and this Financing Order. BondCo will issue the transition bonds on or after the fifth business day after pricing of the transition bonds unless, prior to noon on the fourth business day following pricing of the bonds, the Commission issues an order finding that the proposed issuance does not comply with the requirements of PURA and this Financing Order.
- 57. The Commission finds that the proposed structure—providing for substantially levelized annual revenue requirements over the expected life of the transition bonds—is in the

Docket No. 39931 Financing Order Page 41 of 82

public interest and should be used. This structure offers the benefit of not relying upon customer growth and will allow the resulting transition charges to remain level or decline over time, if billing determinants remain level or grow. The approved structure is reasonable and should be approved, provided that the issuance advice letter demonstrates that all of the statutory financial requirements are met. This restriction is necessary to ensure that the stated economic benefits to consumers materialize.

7. Security for Transition Bonds

The payment of the transition bonds and related charges authorized by this Financing 58. Order is to be secured by the transition property created by this Financing Order and by certain other collateral as described in the application. Each series of the transition bonds will be issued pursuant to an indenture administered by the indenture trustee (any such indenture, "the indenture," and the trustee under an indenture, "the indenture trustee"). The indenture will include provisions for a collection account for the series and subaccounts for the collection and administration of the transition charges and payment or funding of the principal and interest on the transition bonds and other costs, including fees and expenses, in connection with the transition bonds, as described in TCC's application. Pursuant to the indenture, BondCo will establish a collection account as a trust account to be held by the indenture trustee as collateral to ensure the payment of the principal, interest, and other costs approved in this Financing Order related to the transition bonds in full and on a timely basis. The collection account will include the general subaccount, the capital subaccount, and the excess funds subaccount, and may include other subaccounts.

a. The General Subaccount

The indenture trustee will deposit the transition charge remittances that the servicer remits to the indenture trustee for the account of BondCo into one or more segregated trust accounts and allocate the amount of those remittances to the general subaccount. The indenture trustee will on a periodic basis apply moneys in this subaccount to pay expenses of BondCo, to pay principal and interest on the transition bonds, and to meet the funding requirements of the other subaccounts. The funds in the general subaccount will be invested by the indenture trustee in short-term high-quality investments, and such

Docket No. 39931 Financing Order Page 42 of 82

funds (including, to the extent necessary, investment earnings) will be applied by the indenture trustee to pay principal and interest on the transition bonds and all other components of the Periodic Payment Requirement ("PPR") (as defined in Finding of Fact No. 74), and otherwise in accordance with the terms of the indenture.

b. The Capital Subaccount

When a series of transition bonds is issued, TCC will make a capital contribution to 60. BondCo for that series, which BondCo will deposit into the capital subaccount. The amount of the capital contribution is expected to be not less than 0.5% of the original principal amount of each series of transition bonds, although the actual amount will depend on tax and rating agency requirements and potential modifications to SEC regulations. The capital subaccount will serve as collateral to ensure timely payment of principal and interest on the transition bonds and all other components of the PPR. Any funds drawn from the capital account to pay these amounts due to a shortfall in the transition charge remittances will be replenished through future transition charge remittances. The funds in this subaccount will be invested by the indenture trustee in short-term high-quality investments, and such funds (including investment earnings) will be used by the indenture trustee to pay principal and interest on the transition bonds and excess of 0.5% of the original principal amount of any series of bonds, TCC will be authorized to receive an aggregate amount equal to the sum of the (i) actual amounts earned by the trustee from investment of the capital contribution (up to 0.5% of the original principal amount of such series) and (ii) an annual return at the authorized pretax return on equity established in TCC's most recent base rate case on the remainder of the capital contribution for such series. The required revenue, if any, to provide the annual return at the pre-tax equity return established in TCC's most recent base rate case is an ongoing qualified cost. Upon payment of the principal amount of all transition bonds and the discharge of all obligations that may be paid by use of transition charges, all amounts in the capital subaccount, including any investment earnings, will be released to BondCo for payment to TCC. Investment earnings in this subaccount may be released earlier in accordance with the indenture.

Docket No. 39931 Financing Order Page 43 of 82

The capital contribution to BondCo should be funded by TCC. To ensure that consumers 61. receive the appropriate benefit from the securitization approved in this Financing Order, the proceeds from the sale of the transition bonds should not be applied towards this capital contribution. Because TCC funds the capital subaccount, TCC should receive the investment earnings earned through the indenture trustee's investment of that capital from time to time, and if TCC is required to make a capital contribution in excess of 0.5% of the original principal amount of any series of transition bonds, TCC is authorized to receive an aggregate amount equal to the sum of (i) the actual amounts earned by the trustee from investment of the capital contribution (up to 0.5% of the original principal amount of such series) and (ii) an annual return on the remainder of the capital contribution for such series at TCC's then-authorized rate of return on equity. The required revenue, if any, to provide an annual return on any such additional capital at TCC's then-authorized rate of return on equity is an ongoing qualified cost. Upon payment of the principal amount of all transition bonds and the discharge of all obligations that may be paid by use of transition charges, all amounts in the capital subaccount, including any investment earnings, will be released to BondCo for payment to TCC. Investment earnings in this subaccount may be released earlier in accordance with the indenture.

c. The Excess Funds Subaccount

62. The excess funds subaccount will hold any transition charge remittances and investment earnings on the collection account (other than earnings attributable to the capital subaccount and released under the terms of the indenture) in excess of the amounts needed to pay current principal and interest on the transition bonds and to pay other PPRs (including, but not limited to, replenishing the capital subaccount). Any balance in or allocated to the excess funds subaccount on a true-up adjustment date will be subtracted from the Periodic Billing Requirement, ("PBR") (as defined in Finding of Fact No. 75) for purposes of the true-up adjustment. The money in this subaccount will be invested by the indenture trustee in short-term high-quality investments, and such money (including investment earnings thereon) will be used by the indenture trustee to pay principal and interest on the transition bonds and other PPRs.

Docket No. 39931 Financing Order Page 44 of 82

d. Other Subaccounts

Other credit enhancements in the form of subaccounts may be utilized for the transaction provided that the Commission's designated representative and TCC agree in advance that such enhancements provide benefits greater than their tangible and intangible costs. For example, TCC does not propose use of an overcollateralization subaccount as was approved in Docket No. 21528 in connection with its prior securitization of regulatory assets. Under Rev. Proc. 2002-49, as clarified by Rev. Proc. 2005-61 and 2005-62 issued by the Internal Revenue Service ("IRS"), the use of an overcollateralization subaccount is not necessary for favorable tax treatment nor does it appear to be necessary to obtain AAA ratings for the proposed transition bonds. If the Commission's designated representative and TCC subsequently agree, however, that use of an overcollateralization subaccount or other subaccount are necessary to obtain AAA ratings or will otherwise increase the tangible and quantifiable benefits of the securitization, TCC may implement such subaccounts in order to reduce transition bond charges.

8. General Provisions

The collection account and the subaccounts described above are intended to provide for 64. full and timely payment of scheduled principal and interest on the transition bonds and all other components of the PPR. If the amount of transition charges remitted to the general subaccount is insufficient to make all scheduled payments of principal and interest on the transition bonds and to make payment on all of the other components of the PPR, the excess funds subaccount and the capital subaccount will be drawn down, in that order, to make those payments. Any deficiency in the capital subaccount due to such withdrawals must be replenished to the capital subaccount on a periodic basis through the true-up In addition to the foregoing, there may be such additional accounts and process. subaccounts as are necessary to segregate amounts received from various sources (i.e., amounts received from REPs), or to be used for specified purposes. Such accounts will be administered and utilized as set forth in the servicing agreement and the indenture. Upon the maturity of the transition bonds and the discharge of all obligations in respect thereof, remaining amounts in the collection account, other than amounts that were in the Docket No. 39931 Financing Order Page 45 of 82

- capital subaccount, will be released to BondCo and equivalent amounts will be credited by TCC to customers consistent with PURA § 39.262(g).
- 65. The use of a collection account and its subaccounts in the manner proposed by TCC is reasonable, will lower risks associated with the securitization and thus lower the costs to consumers, and should, therefore, be approved.

9. Transition Charges-Imposition and Collection, Nonbypassability, and Self-Generation

- 66. TCC seeks authorization to impose on and collect from REPs and from other entities which are required to bill, pay or collect transition charges under this Financing Order or the tariffs approved hereby, transition charges in an amount sufficient to provide for the timely recovery of its qualified costs approved in this Financing Order (including payment of principal and interest on the transition bonds and ongoing costs related to the transition bonds).
- 67. Transition charges will be separately identified on bills presented to REPs and other entities obligated to pay or collect transition charges.
- 68. If a REP or other entity does not pay the full amount it has been billed, the amount paid by the REP or such other entity will first be apportioned between the transition charges and other fees and charges (including amounts billed and due in respect of transition charges associated with transition bonds issued under other financing orders), other than late fees, and second, any remaining portion of the payment will be allocated to late fees. This allocation will facilitate a proper balance between the competing claims to this source of revenue in an equitable manner.
- 69. The transition bonds have a scheduled final maturity not to exceed 14 years. However, amounts may still need to be recovered after the expiration of the scheduled final maturity date. TCC proposed that the transition charges related to a series of transition bonds will be recovered over a period of not more than 15 years from the date of issuance of that series of the transition bonds but that amounts due at or before the end of that period for services rendered during the 15-year period may be collected after the conclusion of the 15-year period.

Docket No. 39931 Financing Order Page 46 of 82

- 70. PURA § 39.303(b) prohibits the recovery of transition charges for a period of time that exceeds 15 years. Transition charges related to a series of transition bonds may not be collected after 15 years from the date of issuance of that series of bonds. This restriction does not, however, prevent the recovery of amounts due at the end of such 15-year period for services rendered during such 15-year period.
- 71. TCC will collect transition charges from all REPs serving existing and future retail consumers located within TCC's certificated service area as it existed on May 1, 1999 and from other entities which are required to bill, pay or collect transition charges under this Financing Order or the tariffs approved hereby, except as provided in Finding of Fact Nos. 72 and 73. In accordance with PURA § 39.252(c), a retail consumer within such area may not avoid transition charges by switching to another electric utility, electric cooperative or municipally-owned utility after May 1, 1999. However, a consumer in a multiply-certificated service area that requested to switch providers on or before May 1, 1999, or was not taking service from TCC on May 1, 1999, and does not do so after that date, will not be responsible for paying transition charges.
- R. 25.345, a retail consumer may not avoid the payment of transition charges by switching to new on-site generation. Pursuant to PURA §39.252(b)(2), if a consumer commences taking energy from new on-site generation that materially reduces the consumer's use of energy delivered through TCC's facilities, the consumer will pay an amount each month computed by multiplying the output of the on-site generation utilized to meet the internal electrical requirements of the consumer by the applicable transition charges in effect for that month. Any reduction equivalent to more than 12.5% of the consumer's annual average use of energy delivered through TCC's facilities will be considered material for this purpose. Payments of the transition charges owed by such consumers under PURA § 39.252(b)(2) will be made to the servicer and will be collected in addition to any other charges applicable to services provided to the consumer through TCC's facilities and any other competition transition charges applicable to self-generation under PURA § 39.252.

Docket No. 39931 Financing Order Page 47 of 82

73. TCC's proposal related to imposition and collection of transition charges is reasonable and is necessary to ensure collection of transition charges sufficient to support recovery of the qualified costs approved in this Financing Order and should be approved. It is reasonable to exclude existing customers of TCC who begin taking service from Sharyland Utilities, LP (Sharyland) in Sharyland's certificated area from the obligation to pay transition charges approved in this Financing Order because Sharyland has agreed to compensate TCC for stranded generation costs in Docket No. 20292. It is reasonable to approve the form of TCC's Schedule TC-3 and Rider TC-3 in this Financing Order and require that these tariff provisions be filed before any transition bonds are issued pursuant to this Financing Order.

10. Allocation of Qualified Costs Among Texas Retail Consumers

- 74. The PPR is the required periodic payment for a given period (e.g., annually, semiannually, or quarterly) due under the transition bonds. Each PPR includes: (a) the principal amortization of the transition bonds in accordance with the expected amortization schedule (including deficiencies of previously scheduled principal for any reason); (b) periodic interest on the transition bonds (including any accrued and unpaid interest); and (c) ongoing qualified costs consisting of the servicing fee, rating agencies' fees, trustee fees, legal and accounting fees, other ongoing fees and expenses, and the costs, if any, of maintaining any credit enhancement. The PPR for the transition bonds issued pursuant to this Financing Order should be updated in the issuance advice letter.
- 75. The PBR represents the aggregate dollar amount of transition charges that must be billed during a given period (e.g., annually, semiannually, or quarterly) so that the transition charge collections will be sufficient to meet the sum of all PPR for that period, given: (i) forecast usage data for the period; (ii) forecast uncollectibles for the period; and (iii) forecast lags in collection of billed transition charges for the period.
- 76. In Docket No. 32758,⁴⁶ the Commission approved the allocation of the capacity auction amount of 100% to the retail jurisdiction. The additional true-up balance from Docket

⁴⁶ Application of AEP Texas Central Company for a Competition Transition Charge Pursuant to PUC SUBST. R. 25.263(n), Docket No. 32758, Order on Rehearing (Feb. 2, 2007).

Docket No. 39931 Financing Order Page 48 of 82

No. 39722 securitized in this proceeding consists of a capacity auction amount and properly is allocable 100% to the retail jurisdiction.

- Pursuant to the agreed proposed financing order in Docket No. 39722, TCC allocated the costs to be recovered through the TC-3 transition charges authorized by this Financing Order to the same customer billing classes used for the existing TC transition charges authorized by the financing order issued in Docket No. 21528 and used for the existing TC-2 transition charges authorized by the financing order issued in Docket No. 32475. These customer billing classes are also the same as were used for the competition transition charge ("CTC") approved in Docket No. 32758. These customer classes are reasonable and should be adopted.
- 78. The costs which will be recovered through the TC-3 transition charges authorized by this Financing Order are allocated among the customer classes using an approach based on a blended set of periodic billing requirement allocation factors ("PBRAFs") agreed upon by the signatories to the unopposed stipulation in Docket No. 39722. This approach is reasonable and the PBRAFs calculated in accordance with it should be adopted.
- 79. [Reserved]
- 80. Pursuant to the approach described in Finding of Fact No. 78, the Commission adopts the following PBRAFs:

Class	<i>PBRAF</i>
Residential	39.2853%
Commercial & Small Ind Energy	22.6320%
Commercial & Small Ind Demand	29.4288%
Large Industrial – Firm	2.2118%
Large Industrial – Non-firm	1.9842%
Standby – Firm	1.4922%
Standby – Non-Firm	0.2533%
Municipal & Cotton Gin	<u>2.7124</u> %
Total	100.0000%

11. True-Up of Transition Charges

81. Pursuant to PURA § 39.307, the servicer of the transition bonds will make annual adjustments to the transition charges to:

Docket No. 39931 Financing Order Page 49 of 82

- (a) correct any undercollections or overcollections, including without limitation any caused by REP defaults, during the preceding 12 months; and
- (b) ensure the billing of transition charges necessary to generate the collection of amounts sufficient to timely provide all scheduled payments of principal and interest (or deposits to sinking funds in respect of principal and interest) and any other amounts due in connection with the transition bonds (including ongoing fees and expenses and amounts required to be deposited in or allocated to any collection account or subaccount, trustee indemnities, payments due in connection with any expenses incurred by the indenture trustee or the servicer to enforce bondholder rights and all other payments that may be required pursuant to the waterfall of payments set forth in the indenture) during the period for which such adjusted transition charges are to be in effect.

With respect to any series of transition bonds, the servicer will make true-up adjustment filings with the Commission at least annually, within 45 days of the anniversary of the date of the original issuance of the transition bonds of that series.

- 82. True-up filings will be based upon the cumulative differences, regardless of the reason, between the PPR (including scheduled principal and interest payments on the transition bonds) and the amount of transition charge remittances to the indenture trustee. True-up procedures are necessary to ensure full recovery of amounts sufficient to meet the PPR over the expected life of the transition bonds. In order to assure adequate transition charge revenues to fund the PPR and to avoid large overcollections and undercollections over time, the servicer will reconcile the transition charges using TCC's most recent forecast of electricity deliveries (i.e., forecasted billing units) and estimates of transaction-related expenses. The calculation of the transition charges will also reflect both a projection of uncollectible transition charges and a projection of payment lags between the billing and collection of transition charges based upon TCC's and the REPs' most recent experience regarding collection of transition charges.
- 83. The servicer will make true-up adjustments in the following manner, known as the standard true-up procedure:

Docket No. 39931 Financing Order Page 50 of 82

- (a) allocate the upcoming period's PBR based on the PBRAFs approved in this Financing Order;
- (b) calculate undercollections or overcollections, including without limitation any caused by REP defaults, from the preceding period in each class by subtracting the previous period's transition charge revenues collected from each class from the PBR determined for that class for the same period;
- (c) sum the amounts allocated to each customer class in steps (a) and (b) to determine an adjusted PBR for each transition charge customer class; and
- (d) divide the amount assigned to each customer class in step (c) above by the appropriate forecasted billing units to determine the transition charge rate by class for the upcoming period.

12. Interim True-Up

- 84. In addition to these annual true-up adjustments, true-up adjustments may be made by the servicer more frequently at any time during the term of the transition bonds to correct any undercollection or overcollection, as provided for in this Financing Order, in order to assure timely payment of transition bonds based on rating agency and bondholder considerations. Further, the servicer shall make a mandatory interim true-up adjustment semi-annually (or quarterly after the last scheduled maturity date of the transition bonds):
 - (a) if the servicer forecasts that transition charge collections will be insufficient to make all scheduled payments of principal, interest, and other amounts in respect of the transition bonds on a timely basis during the current or next succeeding payment period; and/or
 - (b) to replenish any draws upon the capital subaccount.
- 85. In the event an interim true-up (whether mandatory or optional) is necessary, the interim true-up adjustment shall use the methodology utilized in the most recent annual true-up and be filed not less than 15 days prior to the first billing cycle of the month in which the revised transition charges will be in effect. In no event will mandatory interim true-up adjustments occur more frequently than every six months if semi-annual transition bond payments are required or every three months if quarterly transition bond payments are

Docket No. 39931 Financing Order Page 51 of 82

required; provided however, that mandatory interim true-up adjustments after the last scheduled maturity date of the transition bonds shall occur quarterly.

13. Non-Standard True-Up

- 86. In accordance with the procedure set forth in Finding of Fact No. 88, a non-standard true-up procedure will be implemented as the annual true-up adjustment if the forecasted billing units for one or more of the transition charge customer classes for an upcoming period decreases by more than 10% compared to the billing units used by TCC to develop the PBRAFs approved in this Financing Order (known as the threshold billing units), shown in Appendix D to this Financing Order.
- 87. In conducting the non-standard true-up the servicer will:
 - (a) allocate the upcoming period's PBR based on the PBRAFs approved in this Financing Order;
 - (b) calculate undercollections or overcollections, including without limitation any caused by REP defaults, from the preceding period in each class by subtracting the previous period's transition charge revenues collected from each class from the PBR determined for that class for the same period;
 - (c) sum the amounts allocated to each customer class in steps (a) and (b) to determine an adjusted PBR for each transition charge customer class;
 - (d) divide the PBR for each customer class by the maximum of the forecasted billing units or the threshold billing units for that class, to determine the "threshold rate";
 - (e) multiply the threshold rate by the forecasted billing units for each class to determine the expected collections under the threshold rate;
 - (f) allocate the difference in the adjusted PBR and the expected collections calculated in step (e) among the transition charge customer classes using the PBRAFs approved in this Financing Order;
 - (g) add the amount allocated to each class in step (f) above to the expected collection amount by class calculated in step (e) above to determine the final PBR for each class; and
 - (h) divide the final PBR for each class by the forecasted billing units to determine the transition charge rate by class for the upcoming period.

Docket No. 39931 Financing Order Page 52 of 82

88. A proceeding for the purpose of approving a non-standard true-up should be conducted in the following manner:

- (a) The servicer will make a "non-standard true-up filing" with the Commission at least 90 days before the date of the proposed true-up adjustment. The filing will contain the proposed changes to the transition charge rates, justification for such changes as necessary to specifically address the cause(s) of the proposed non-standard true-up, and a statement of the proposed effective date.
- (b) Concurrently with the filing of the non-standard true-up with the Commission, the servicer will notify all parties in this docket of the filing of the proposal for a non-standard true-up.
- (c) The servicer will issue appropriate notice and the Commission will conduct a contested case proceeding on the non-standard true-up proposal pursuant to PURA § 39.003.

The scope of the proceeding will be limited to determining whether the proposed adjustment complies with this Financing Order. The Commission will issue a final order by the proposed true-up adjustment date stated in the non-standard true-up filing. In the event that the Commission cannot issue an order by that date, the servicer will be permitted to implement its proposed changes. Any modifications subsequently ordered by the Commission will be made by the servicer in the next true-up filing.

14. Additional True-Up Provisions

89. The true-up adjustment filing will set forth the servicer's calculation of the true-up adjustment to the transition charges. Except for the non-standard true-up in Finding of Fact Nos. 86 through 88, the Commission will have 15 days after the date of a true-up adjustment filing in which to confirm the mathematical accuracy of the servicer's adjustment. Except for the non-standard true-up adjustment described above, any true-up adjustment filed with the Commission should be effective on its proposed effective date, which shall be not less than 15 days after filing. Any necessary corrections to the true-up adjustment, due to mathematical errors in the calculation of such adjustment or otherwise, will be made in future true-up adjustment filings.

Docket No. 39931 Financing Order Page 53 of 82

- 90. The true-up procedures contained in Schedule TC-3 are reasonable and will reduce risks related to the transition bonds, resulting in lower transition bond charges and greater benefits to consumers and should be approved.
- 91. The broad-based nature of the true-up mechanism and the pledge of the State of Texas embodied in PURA § 39.310, along with the bankruptcy remoteness of the special purpose entity and the collection account, will serve to minimize, if not effectively eliminate for all practical purposes and circumstances, any credit risk associated with the transition bonds (i.e., that sufficient funds will be available and paid to discharge all principal and interest obligations when due).

15. Designated Representative

- 92. In order to ensure, as required by PURA §39.301, that the structuring and pricing of the transition bonds result in the lowest transition bond charges consistent with market conditions and the terms of this Financing Order, the Commission finds that it is necessary for the Commission or its designated representative to have a decision-making role co-equal with TCC with respect to the structuring and pricing of the transition bonds and that all matters related to the structuring and pricing of the transition bonds shall be determined through a joint decision of TCC and the Commission or its designated representative. The Commission's primary goal is to ensure that the structuring and pricing of the transition bonds result in the lowest transition bond charges consistent with market conditions and the terms of this Financing Order.
- 93. The Commission or its designated representative must have an opportunity to participate fully and in advance in all plans and decisions relating to the structuring, marketing, and pricing of the transition bonds and must be provided timely information as necessary to allow it to participate in a timely manner (including, but not limited to, information prepared for the benefit of rating agencies and information prepared for use in marketing the transition bonds to investors).
- 94. The Commission or its designated representative may require a certificate from the bookrunning underwriter(s) confirming that the structuring, marketing, and pricing of the

Docket No. 39931 Financing Order Page 54 of 82

transition bonds resulted in the lowest transition bond charges consistent with market conditions, the marketing plan, and the terms of this Financing Order.

95. TCC stated that it expected the following transaction documents to be executed in connection with each series of transition bonds issued pursuant to this Financing Order and that it expected the form of each document to be consistent in all material respects with those used in its last securitization: Administration Agreement, Indenture, Limited Liability Company Agreement, Transition Property Servicing Agreement, and Transition Property Purchase and Sale Agreement. The Commission's designated representative shall be afforded an opportunity to review and comment on these documents before they are finalized, and the final versions shall be consistent with this Financing Order.

16. Lowest Transition Bond Charges

- 96. TCC has proposed a transaction structure that is expected to include (but is not limited to):
 - (a) the use of BondCo as issuer of the transition bonds, limiting the risks to transition bond holders of any adverse impact resulting from a bankruptcy proceeding of its parent or any affiliate;
 - (b) the right to impose and collect transition charges that are nonbypassable and which must be trued-up at least annually, but may be trued-up more frequently under certain circumstances, in order to assure the timely payment of the debt service and other ongoing transaction costs;
 - (c) additional collateral in the form of a collection account which includes a capital subaccount funded in cash in an amount equal to not less than 0.5% of the original principal amount of the transition bonds and other subaccounts resulting in greater certainty of payment of interest and principal to investors and that are consistent with the IRS requirements that must be met to receive the desired federal income tax treatment for the transition bond transaction;
 - (d) protection of transition bondholders against potential defaults by a servicer or REPs that are responsible for billing and collecting the transition charges from existing or future retail consumers;

Docket No. 39931 Financing Order Page 55 of 82

- (e) benefits for federal income tax purposes including: (i) the transfer of the rights under this Financing Order to BondCo not resulting in gross income to TCC and the future revenues under the transition charges being included in TCC's gross income under its usual method of accounting, (ii) the issuance of the transition bonds and the transfer of the proceeds of the transition bonds to TCC not resulting in gross income to TCC, and (iii) the transition bonds constituting obligations of TCC;
- (f) the transition bonds will be marketed using proven underwriting and marketing processes, through which market conditions and investors' preferences, with regard to the timing of the issuance, the terms and conditions, related maturities, and other aspects of the structuring and pricing will be determined, evaluated and factored into the structuring and pricing of the transition bonds; and
- (g) furnishing timely information to the Commission's designated representative to allow the Commission through the issuance advice letter process to ensure that the structuring and pricing of the transition bonds result in the lowest transition bond charges consistent with market conditions and the terms of this Financing Order.
- 97. TCC's proposed transaction structure is necessary to enable the transition bonds to obtain the highest possible bond credit rating, ensures that the structuring and pricing of the transition bonds will result in the lowest transition bond charges consistent with market conditions and the terms of this Financing Order, ensures the greatest benefit to consumers consistent with market conditions and the terms of this Financing Order, and protects the competitiveness of the retail electric market.
- 98. To ensure that consumers receive the tangible and quantifiable economic benefits due from the proposed securitization and so that the proposed transition bond transaction will be consistent with the standards set forth in PURA §§ 39.301 and 39.303, it is necessary that (i) the issuance advice letter demonstrates that the transaction is expected to provide benefits to customers on both the total revenue (*i.e.*, nominal) and present value bases compared to collection of the securitized balance through competition transition charges; (ii) the expected final maturity of the last tranche of transition bonds does not exceed 14

Docket No. 39931 Financing Order Page 56 of 82

years (although the legal final maturity of the transition bonds may extend to 15 years), (iii) the amortization of the transition bonds is structured to be consistent with Finding of Fact No. 57, and (iv) TCC otherwise satisfies the requirements of this Financing Order.

99. To allow the Commission to fulfill its obligations under PURA related to the securitization approved in this Financing Order, it is necessary for TCC, for each series of transition bonds issued, to certify to the Commission that the structure and pricing of that series results in the lowest transition bond charges consistent with market conditions at the time that the transition bonds are priced and the terms (including the specified amortization pattern) of this Financing Order and, if additional credit enhancements or arrangements to enhance marketability or reduce interest rate risks were used, to certify that they are expected to provide benefits in excess of their cost as required by Finding of Fact No. 27 through 31 of this Financing Order.

D. Use of Proceeds

- 100. Upon the issuance of transition bonds, BondCo will use the net proceeds from the sale of the transition bonds (after payment of transaction costs) to pay to TCC the purchase price of the transition property.
- 101. The net proceeds from the sale of the transition property (after payment of transaction costs) will be applied to reduce the debt and/or common equity on the regulatory books of TCC.
- 102. Through the steps described in Finding of Fact Nos. 100 and 101, the net proceeds from the sale of transition bonds will be used solely to retire existing debt and/or common equity of TCC and will result in a reduction in TCC's recoverable transition to competition costs as determined in accordance with PURA § 39.262(d)(2) in Docket No. 39722.

IV. Conclusions Of Law

1. TCC is a public utility, as defined in PURA § 11.004, an electric utility, as defined in PURA § 31.002(6), and a transmission and distribution utility as defined in PURA § 31.002(19).

Docket No. 39931 Financing Order Page 57 of 82

- 2. TCC is entitled to file an application for a financing order under PURA § 39.301.
- 3. The Commission has jurisdiction and authority over TCC's application pursuant to PURA §§ 14.001, 32.001, 39.201 and 39.301-.313.
- 4. The Commission has authority to approve this Financing Order under Subchapters E, F and G of Chapter 39 of PURA.
- 5. Amended PURA § 39.301 allows a utility to securitize its regulatory assets and other amounts determined under Section 39.201 or 39.262.
- 6. Notice of TCC's application was provided in compliance with the Administrative Procedure Act⁴⁷ and P.U.C. PROC. R. 22.54 and 22.55.
- This application does not constitute a major rate proceeding as defined by P.U.C. PROC. R. 22.2.
- 8. BondCo will be an assignee as defined in PURA § 39.302(1) when an interest in transition property is transferred, other than as security, to BondCo.
- 9. The holders of the transition bonds and the indenture trustee will each be a financing party as defined in PURA § 39.302(3).
- 10. BondCo may issue transition bonds in accordance with this Financing Order.
- 11. The securitization approved in this Financing Order satisfies the requirement of PURA § 39.301 dictating that the proceeds of the transition bonds shall be used solely for the purposes of reducing the amount of recoverable true-up amounts determined pursuant to PURA § 39.262 through the refinancing or retirement of utility debt and/or equity.
- 12. The securitization approved in this Financing Order satisfies the requirement of PURA § 39.301 mandating that the securitization provides tangible and quantifiable benefits to ratepayers greater than would have been achieved absent the issuance of transition bonds. Consistent with fundamental financial principles, this requirement in PURA § 39.301 can only be determined using an economic analysis to account for the time value of money. An analysis that compares in the aggregate over the expected life of the transition bonds,

⁴⁷ TEX. GOV'T CODE ANN. §§ 2001.001-901 (Vernon 2000 & Supp. 2011).

Docket No. 39931 Financing Order Page 58 of 82

the present value of the revenue requirement associated with use of a competition transition charge (the alternative recovery method permitted under PURA to recover true-up amounts under PURA § 39.262 using conventional utility financing) to the present value of the revenue required under securitization is an appropriate economic analysis to demonstrate whether securitization provides economic benefits to ratepayers.

- 13. BondCo's issuance of the transition bonds approved in this Financing Order in compliance with the criteria established by this Financing Order satisfies the requirement of PURA § 39.301 prescribing that the structuring and pricing of the transition bonds will result in the lowest transition-bond charges consistent with market conditions and the terms of this Financing Order.
- 14. The amount approved in this Financing Order for securitization does not exceed the present value of the revenue requirement over the life of the transition bonds approved in this Financing Order that are associated with the costs sought to be securitized, as required by PURA § 39.301.
- 15. The securitization approved in this Financing Order satisfies the requirements of PURA § 39.303(a) directing that the total amount of revenues to be collected under this Financing Order be less than the revenue requirement that would be recovered using conventional financing methods (which, in the case of the balance at issue in this proceeding, would be a competition transition charge) and that this Financing Order be consistent with the standards of PURA § 39.301.
- 16. Under PURA §§ 39.301 and 39.303, the Commission has the ability to prohibit different financial options relating to the transition bonds if the evidence supports the finding that the financial option will not or is unlikely to result in the lowest transition bond charges consistent with market conditions.
- 17. This Financing Order adequately details the amount to be recovered and the period over which TCC will be permitted to recover nonbypassable transition charges in accordance with the requirements of PURA § 39.303(b). Transition charges related to a series of transition bonds may not be collected after 15 years from the date of issuance of that series of bonds. This provision does not preclude the servicer from recovering transition

Docket No. 39931 Financing Order Page 59 of 82

- charges attributable to service rendered during the 15-year period but remaining unpaid at the end of the 15-year period.
- 18. The method approved in this Financing Order for collecting and allocating the transition charges satisfies the requirements of PURA §§ 39.303(c) and 39.306.
- 19. As provided in PURA § 39.303(d), this Financing Order, together with the transition charges authorized by this Financing Order, is irrevocable and not subject to reduction, impairment, or adjustment by further act of the Commission, except for the true-up procedures approved in this Financing Order, as required by PURA § 39.307; provided, however, that such irrevocability shall not preclude the Commission from extending the deadline for issuance of transition bonds if requested to do so by TCC.
- 20. As provided in PURA § 39.304(a), the rights and interests of TCC or its successor under this Financing Order, including the right to impose, collect and receive the transition charges authorized in this Financing Order, are assignable and shall become transition property when they are first transferred to BondCo.
- 21. The rights, interests and property conveyed to BondCo in the Transition Property Purchase and Sale Agreement and the related Bill of Sale, including the irrevocable right to impose, collect and receive transition charges and the revenues and collections from transition charges are "transition property" within the meaning of PURA §§ 39.302(8) and 39.304.
- 22. Transition property will constitute a present property right for purposes of contracts concerning the sale or pledge of property, even though the imposition and collection of the transition charges depend on further acts by TCC or others that have not yet occurred, as provided by PURA § 39.304(b).
- 23. All revenues and collections resulting from the transition charges will constitute proceeds only of the transition property arising from this Financing Order, as provided by PURA § 39.304(c).
- 24. Upon the transfer by TCC of the transition property to BondCo, BondCo will have all of the rights, title and interest of TCC with respect to such transition property including the

Docket No. 39931 Financing Order Page 60 of 82

right to impose, collect and receive the transition charges authorized by the Financing Order.

- 25. The transition bonds issued pursuant to this Financing Order will be "transition bonds" within the meaning of PURA § 39.302(6) and the transition bonds and holders thereof are entitled to all of the protections provided under Subchapter G of Chapter 39 of PURA.
- 26. Amounts that are required to be paid to the servicer as transition charges under this Financing Order or the tariffs approved hereby are "transition charges" as defined in PURA § 39.302(7), and the amounts collected from retail consumers with respect to such transition charges are "transition charges" as defined in PURA § 39.302(7), whether or not such charges are set out as a separate line item on the retail consumer's bill.
- 27. Any payment of transition charges by a retail consumer to its REP, to another entity responsible for collecting transition charges from retail consumers under this Financing Order or the tariffs approved hereunder, or directly to the servicer will discharge the retail consumer's obligations in respect of that payment, but will not discharge the obligations of any REP or other entity responsible for collecting transition charges from retail consumers under this Financing Order to remit such payments to the servicer of the transition bonds on behalf of BondCo or an assignee or its obligations to pay amounts determined through subsequent true-up adjustments.
- As provided in PURA § 39.305, the interests of an assignee, the holders of transition bonds, and the indenture trustee in transition property and in the revenues and collections arising from that property are not subject to setoff, counterclaim, surcharge, or defense by TCC or any other person or in connection with the bankruptcy of TCC or any other entity.
- 29. The methodology approved in this Financing Order to true-up the transition charges satisfies the requirements of PURA § 39.307.
- 30. If and when TCC transfers to BondCo the right to impose, collect, and receive the transition charges and to issue the transition bonds, the servicer will be able to recover the transition charges associated with such transition property only for the benefit of BondCo and the holders of the transition bonds in accordance with the servicing agreement.

Docket No. 39931 Financing Order Page 61 of 82

- 31. If and when TCC transfers its rights under this Financing Order to BondCo under an agreement that expressly states that the transfer is a sale or other absolute transfer in accordance with the true-sale provisions of PURA § 39.308, then, pursuant to that statutory provision, that transfer will be a true sale of an interest in transition property and not a secured transaction or other financing arrangement and title, legal and equitable, to the transition property will pass to BondCo. As provided by PURA § 39.308, this true sale shall apply regardless of whether the purchaser has any recourse against the seller, or any other term of the parties' agreement, including the seller's retention of an equity interest in the transition property, TCC's role as the collector of transition charges relating to the transition property, or the treatment of the transfer as a financing for tax, financial reporting, or other purposes.
- 32. As provided in PURA § 39.309(b), a valid and enforceable lien and security interest in the transition property in favor of the holders of the transition bonds or a trustee on their behalf will be created by this Financing Order and the execution and delivery of a security agreement with the holders of the transition bonds or a trustee on their behalf in connection with the issuance of the transition bonds. The lien and security interest will attach automatically from the time that value is received for the transition bonds and, on perfection through the filing of notice with the Secretary of State in accordance with the rules prescribed by the Secretary of State under PURA § 39.309(d), will be a continuously perfected lien and security interest in the transition property and all proceeds of the transition property, whether accrued or not, will have priority in the order of filing and will take precedence over any subsequent judicial or other lien creditor.
- 33. As provided in PURA § 39.309(c), the transfer of an interest in transition property to an assignee will be perfected against all third parties, including subsequent judicial or other lien creditors, when this Financing Order becomes effective, transfer documents have been delivered to that assignee, and a notice of that transfer has been filed in accordance with the rules prescribed by the Secretary of State under PURA § 39.309(d); provided, however, that if notice of the transfer has not been filed in accordance with this process within 10 days after the delivery of transfer documentation, the transfer of the interest will not be perfected against third parties until the notice is filed. The transfer to BondCo

Docket No. 39931 Financing Order Page 62 of 82

of TCC's rights under this Financing Order will be a transfer of an interest in transition property for purposes of PURA § 39.309(c).

- As provided in PURA § 39.309(e), the priority of a lien and security interest perfected in accordance with PURA § 39.309 will not be impaired by any later change in the transition charges pursuant to PURA § 39.307 or by the commingling of funds arising from transition charges with other funds, and any other security interest that may apply to those funds will be terminated when they are transferred to a segregated account for an assignee or a financing party. To the extent that transition charges are not collected separately from other funds owed by REPs, the amounts to be remitted to such segregated account for an assignee or a financing party may be determined according to system-wide charge off percentages, collection curves or such other reasonable methods of estimation, as are set forth in the servicing agreement.
- 35. As provided in PURA § 39.309(e), if transition property is transferred to an assignee, any proceeds of the transition property will be treated as held in trust for the assignee.
- 36. As provided in PURA § 39.309(f), if a default or termination occurs under the transition bonds, the financing parties or their representatives may foreclose on or otherwise enforce their lien and security interest in the relevant transition property as if they were secured parties under Chapter 9, Texas Business and Commerce Code, and, upon application by or on behalf of the financing parties, the Commission may order that amounts arising from the related transition charges be transferred to a separate account for the financing parties' benefit, to which their lien and security interest may apply.
- 37. As provided in PURA § 39.309(f), if a default or termination occurs under the transition bonds, on application by or on behalf of the financing parties, a district court of Travis County, Texas shall order the sequestration and payment to those parties of revenues arising from the transition charges.
- 38. As provided by PURA § 39.310, the transition bonds authorized by this Financing Order are not a debt or obligation of the State of Texas and are not a charge on its full faith and credit or taxing power.

Docket No. 39931 Financing Order Page 63 of 82

- 39. Pursuant to PURA § 39.310, the State of Texas has pledged for the benefit and protection of all financing parties and TCC, that it will not take or permit any action that would impair the value of transition property, or, except as permitted by PURA § 39.307, reduce, alter or impair the transition charges to be imposed, collected, and remitted to any financing parties, until the principal, interest and premium, and any other charges incurred and contracts to be performed in connection with the transition bonds have been paid and performed in full. BondCo, in issuing transition bonds, is authorized pursuant to PURA § 39.310 and this Financing Order to include this pledge in any documentation relating to the transition bonds.
- 40. As provided in PURA § 39.311, transactions involving the transfer and ownership of the transition property and the receipt of transition charges are exempt from state and local income, sales, franchise, gross receipts, and other taxes or similar charges.
- 41. This Financing Order will remain in full force and effect and unabated notwithstanding the bankruptcy of TCC, its successors, or assignees.
- 42. TCC retains sole discretion regarding whether or when to assign, sell or otherwise transfer the rights and interests created by this Financing Order or any interest therein, or to cause the issuance of any transition bonds authorized by this Financing Order, subject to the right of the Commission, acting through its designated representative to participate in the structuring, pricing, and marketing of the transition bonds, and the Commission's authority through the issuance advice letter process to find that the proposed issuance does not comply with the requirements of PURA and this Financing Order.
- 43. This Financing Order is final, is not subject to rehearing by this Commission, and is not subject to review or appeal except as expressly provided in PURA § 39.303(f). The finality of this Financing Order is not impaired in any manner by the participation of the Commission through its designated representative in any decisions related to issuance of the transition bonds or by the Commission's review of or issuance of an order related to the issuance advice letter required to be filed with the Commission by this Financing Order.

Docket No. 39931 Financing Order Page 64 of 82

- 44. This Financing Order meets the requirements for a financing order under Subchapter G of Chapter 39 of PURA.
- 45. The true-up mechanism, and all other obligations of the State of Texas and the Commission set forth in this Financing Order, are direct, explicit, irrevocable and unconditional upon issuance of the transition bonds and are legally enforceable against the State of Texas and the Commission.
- 46. Under the agreement approved by the Commission in Docket No. 20292, Sharyland will compensate TCC for stranded-generation costs resulting from the choice of an existing customer of TCC to switch electric service to Sharyland. Therefore, the requirement in PURA § 39.252(b), regarding the obligation of an existing customer in TCC's service area as of May 1, 1999, does not apply to an existing customer of TCC that begins taking service from Sharyland in Sharyland's certificated service area.
- 47. The requirements for informal disposition pursuant to P.U.C. PROC. R. 22.35 have been met in this proceeding except for subsection (b)(2) that requires the proposed order to be served on all parties no less than 20 days before the Commission is scheduled to consider the application in an open meeting. Under P.U.C. PROC. R. 22.5(b), good cause exists to waive the requirements of P.U.C. PROC. R. 22.35, subsection (b)(2), to permit consideration of this proceeding at the Commission's regularly scheduled Open Meeting of January 12, 2012, so that consumers may obtain the earliest and greatest possible benefit from the proposed securitization of the transition to competition costs agreed to in the unopposed stipulation in Docket No. 39722.

V. Ordering Paragraphs

Based upon the record, the Findings of Fact and Conclusions of Law set forth herein, and for the reasons stated above, this Commission orders:

A. Approval

1. **Approval of Application**. The application of AEP Texas Central Company for the issuance of a financing order under PURA § 39.303 is approved, as provided in this Financing Order.

Docket No. 39931 Financing Order Page 65 of 82

- Authority to Securitize. TCC is authorized to securitize and to cause the issuance of transition bonds with an aggregate principal amount not to exceed the Securitizable Balance of \$800 million.
- 3. Recovery of Transition Charges. TCC shall impose on, and the servicer shall collect from, REPs serving all existing and future retail consumers located within TCC's service area as it existed on May 1, 1999 and other entities which, under the terms of this order or the tariffs approved hereby, are required to bill, pay or collect transition charges, as provided in this Financing Order, transition charges in an amount sufficient to provide for the timely recovery of its aggregate qualified costs detailed in this Financing Order (including payment of principal and interest on the transition bonds). REPs and other entities responsible for collecting transition charges from retail consumers under this Financing Order shall pay the transition charges billed to them whether or not they collect the transition charges from their retail consumers.
- 4. Provision of Information. TCC shall take all necessary steps to ensure that the Commission or its designated representative is provided sufficient and timely information to allow the Commission or its designated representative to fully participate in and exercise its decision making authority over the proposed securitization as provided in this Financing Order.
- 5. **Issuance Advice Letter.** For each series of transition bonds issued, TCC shall submit a draft issuance advice letter to the Commission Staff for review not later than two weeks prior to the expected date of commencement of marketing the transition bonds. With the approval of the Commission's designated representative, the actual date of the commencement of marketing may be a date other than the expected date. Within one week after receipt of the draft issuance advice letter, Commission Staff shall provide TCC comments and recommendations regarding the adequacy of the information provided. Not later than the end of the first business day after the pricing of the transition bonds and prior to issuance of the transition bonds, TCC, in consultation with the Commission acting through its designated representative, shall file with the Commission an issuance advice letter in substantially the form of the issuance advice letter attached as Appendix A to this Financing Order. As part of the issuance advice letter, TCC, through

Docket No. 39931 Financing Order Page 66 of 82

an officer of TCC, shall provide a certification worded precisely as the statement in the form of issuance advice letter approved by the Commission. The issuance advice letter shall be completed, shall evidence the actual dollar amount of the initial transition charges and other information specific to the transition bonds to be issued, and shall certify to the Commission that the structure and pricing of that series results in the lowest transition-bond charges consistent with market conditions at the time that the transition bonds are priced and with the terms set out in this Financing Order. In addition, if original issue discount, additional credit enhancements, or arrangements to reduce interest rate risks or enhance marketability are used, the issuance advice letter shall include certification that the original issue discount, additional credit enhancements, or other arrangements are reasonably expected to provide benefits as required by this Financing Order. All amounts which require computation shall be computed using the mathematical formulas contained in the form of the issuance advice letter in Appendix A to this Financing Order and Schedule TC-3 approved in this Financing Order. Electronic spreadsheets with the formulas supporting the schedules contained in the issuance advice letter shall be included with such letter. The Commission's review of the issuance advice letter shall be limited to the arithmetic accuracy of the calculations and to compliance with PURA, this Financing Order, and the specific requirements that are contained in the issuance advice letter. The initial transition charges and the final terms of the transition bonds set forth in the issuance advice letter shall become effective on the date of issuance of the transition bonds (which shall not occur prior to the fifth business day after pricing) unless prior to noon on the fourth business day after pricing the Commission issues an order finding that the proposed issuance does not comply with the requirements set forth above in this Ordering Paragraph.

6. **Approval of Tariff**. The form of Schedule TC-3 and Rider TC-3 attached as Appendix B to this order is approved. Prior to the issuance of any transition bonds under this Financing Order, TCC shall file a tariff that conforms to the form of the Schedule TC-3 and Rider TC-3 tariff provisions attached to this Financing Order.

Docket No. 39931 Financing Order Page 67 of 82

B. Transition Charges

- Imposition and Collection. TCC is authorized to impose on, and the servicer is 7. authorized to collect from REPs serving all existing and future retail consumers located within TCC's service area as it existed on May 1, 1999 and other entities which, under the terms of this Financing Order or the tariffs approved hereby, are required to bill, pay or collect transition charges, transition charges in an amount sufficient to provide for the timely recovery of the aggregate Periodic Payment Requirements (including payment of principal and interest on the transition bonds), as approved in this Financing Order. If there is a shortfall in payment of an amount billed, the amount paid shall first be apportioned ratably between the transition charges and other fees and charges (including transition charges attributable to the transition bonds issued by AEP Texas Central Transition Funding LLC in February 2002 pursuant to the financing order in Docket 21528 and attributable to the transition bonds issued by AEP Texas Central Transition Funding II LLC in October 2006 pursuant to the financing order in Docket 32475), other than late fees, and second, any remaining portion of the payment shall be allocated to late fees.
- 8. BondCo's Rights and Remedies. Upon the transfer by TCC of the transition property to BondCo, BondCo shall have all of the rights, title and interest of TCC with respect to such transition property, including, without limitation, the right to exercise any and all rights and remedies with respect thereto, including the right to authorize disconnection of electric service and to assess and collect any amounts payable by any retail consumer in respect of the transition property. If transition bonds are issued in more than one series, then the transition property transferred as a result of each issuance shall be only those rights associated with that portion of the total amount authorized to be securitized pursuant to this Financing Order which is securitized by such issuance. The rights to impose, collect and receive transition charges along with the other rights arising pursuant to this Financing Order as they relate to any portion of the total amount authorized to be securitized that remains unsecuritized shall remain with TCC and shall not become transition property until transferred to a BondCo in connection with a subsequent issuance of transition bonds.

Docket No. 39931 Financing Order Page 68 of 82

- 9. Collector of Transition Charges. TCC or any subsequent servicer of the transition bonds shall bill a consumer's REP or other entity which, under the terms of this Financing Order or the tariffs approved hereby, is required to bill, or collect transition charges, for the transition charges attributable to that consumer. REPs and other entities responsible for collecting transition charges from retail consumers under this Financing Order shall pay the transition charges billed to them less the charge off allowance as provided in Finding of Fact No. 53(j) whether or not they collect the transition charges from their retail consumers.
- 10. **Collection Period.** The transition charges related to a series of transition bonds shall be designed to be collected over the scheduled life of the transition bonds which may not exceed 14 years. However, to the extent that any amounts are not recovered at the end of this period, TCC may continue to recover them over a period ending not more than 15 years from the date of issuance of that series of transition bonds. Amounts remaining unpaid after this 15-year period may be recovered but only to the extent that the charges are attributable to services rendered during the 15-year period.
- 11. **Allocation**. TCC shall allocate the transition charges among consumer classes in the manner described in this Financing Order.
- 12. **Nonbypassability.** TCC and any other entity providing electric transmission or distribution services and any REP providing services to any retail consumer within TCC's certificated service area as it existed on May 1, 1999 (except as provided in Finding of Fact Nos. 71 through 73), are entitled to collect and must remit, consistent with this Financing Order, the transition charges from such retail consumers and, except as provided under PURA §§ 39.252(b) and 39.262(k), as implemented by P.U.C. SUBST. R. 25.345, from retail consumers that switch to new on-site generation, and such retail consumers are required to pay such transition charges. The Commission will ensure that such obligations are undertaken and performed by TCC, any other entity providing electric transmission or distribution services within TCC's certificated service area as of May 1, 1999 and any REP providing services to any retail consumer within such certificated service area.

Docket No. 39931 Financing Order Page 69 of 82

- 13. **True-Ups.** True-ups of the transition charges, including non-standard true-ups, shall be undertaken and conducted as described in Schedule TC-3. The servicer shall file the true-up adjustments in a compliance docket and shall give notice of the filing to all parties in this docket. If transition bonds are issued in more than one series, then each series will be subject to separate true-up adjustments pursuant to PURA and this Financing Order, provided, however, that more than one series may be trued-up in a single proceeding.
- 14. **Ownership Notification.** Any entity that bills transition charges to retail consumers shall, at least annually, provide written notification to each retail consumer for which the entity bills transition charges that the transition charges are the property of BondCo and not of the entity issuing such bill.

C. Transition Bonds

- 15. **Issuance.** TCC is authorized through one or more BondCos to issue one or more series of transition bonds as specified in this Financing Order. The ongoing qualified costs described in Appendix C may be recovered directly through the transition charges. The transition bonds shall be denominated in U.S. Dollars.
- 16. **Up-Front Qualified Costs.** Pursuant to the unopposed stipulation in Docket No. 39722, the Securitizable Balance includes up-front qualified costs of the securitization. TCC is responsible for up-front costs incurred in issuing the transition bonds, including without limitation, underwriting discount and fees. For convenience purposes any of these costs may be paid by the BondCo. Upon the issuance of the transition bonds, the BondCo will pay the net proceeds from the sale of the transition bonds (after payment of transaction costs) to TCC for the purchase price of the transition property. In accordance with Ordering Paragraph No. 45, TCC shall apply these net proceeds to reduce the debt and/or common equity on its regulatory books.
- 17. Ongoing Qualified Costs. TCC may recover its actual ongoing qualified costs through its transition charges, subject to the caps on the servicing fees and administrative fees (which are applicable as long as TCC serves as servicer or administrator, as applicable) set forth in Finding of fact No. 21 and Appendix C to this Financing Order. Ongoing

Docket No. 39931 Financing Order Page 70 of 82

qualified costs other than the servicing and administrative fees of TCC as servicer and administrator are not capped by this Financing Order. Ongoing qualified costs also include an annual return at the authorized pre-tax return on equity determined in TCC's most recent base rate case on the amount, if any, of invested capital in excess of 0.5% of the principal amount of each series of bonds as discussed in Finding of Fact No. 33. The amount of ongoing qualified costs is subject to updating in the issuance advice letter to reflect a change in the size of the transition bond issuance and any decision to issue the bonds in more than one series and other information available at the time of submission of the issuance advice letter. As provided in Ordering Paragraph No. 31, a servicer, other than TCC, may collect a servicing fee than that set forth in Appendix C to this Financing Order, if such higher fee is approved by the Commission and the indenture trustee.

- 18. **Refinancing.** TCC or any assignee may apply for one or more new financing orders pursuant to PURA § 39.303(g).
- the indenture trustee pursuant to the indenture as described in TCC's application. BondCo shall establish a collection account with the indenture trustee as described in Finding of Fact Nos. 58 through 65. Upon payment of the principal amount of all transition bonds authorized in this Financing Order and the discharge of all obligations in respect thereof, all amounts in the collection account, including investment earnings, other than amounts in the capital subaccount, shall be released by the indenture trustee to BondCo for distribution in accordance with Ordering Paragraph No. 20. TCC shall notify the Commission within 30 days after the date that these funds are eligible to be released of the amount of such funds available for crediting to the benefit of consumers.
- 20. **Distribution Following Repayment.** Following repayment of the transition bonds authorized in this Financing Order and release of the funds held by the trustee, the servicer, on behalf of BondCo, shall distribute to REPs and other entities responsible for collection of transition charges from retail consumers, the final balance of the general, excess funds, and all other subaccounts (except the capital subaccount), whether such balance is attributable to principal amounts deposited in such subaccounts or to interest thereon, remaining after all other qualified costs have been paid. The amounts shall be

Docket No. 39931 Financing Order Page 71 of 82

distributed to each REP and other entity that paid Schedule TC-3 transition charges during the last 12 months that the Schedule TC-3 transition charges were in effect. BondCo or its successor in interest to the Transition Property shall, to the extent the capital subaccount is not depleted below its original amount, also distribute to REPs and other entities responsible for collection of transition charges from retail ratepayers any subsequently collected transition charges. The amount paid to each REP or other entity shall be determined by multiplying the total amount available for distribution by a fraction, the numerator of which is the total Schedule TC-3 transition charges paid by the REP or other entity during the last 12 months Schedule TC-3 charges were in effect and the denominator of which is the total Schedule TC-3 transition charges paid by all REPs and other entities responsible for collection of transition charges from retail consumers during the last 12 months the Schedule TC-3 transition charges were in effect.

- 21. **Funding of Capital Subaccount.** The capital contribution by TCC to be deposited into the capital subaccount shall, with respect to each BondCo and series of transition bonds, be funded by TCC and not from the proceeds of the sale of transition bonds. Upon payment of the principal amount of all transition bonds and the discharge of all obligations in respect thereof, all amounts in the capital subaccount, including investment earnings, and any amounts required to replenish the capital subaccount to the level of TCC's capital contribution and any unpaid authorized return on capital contributions in excess of 0.5% of the original principal amount of the transition bonds, if any, for a series of transition bonds shall be released to BondCo for payment to TCC. Investment earnings in this subaccount and authorized return on capital contributions in excess of 0.5% of the original principal amount of the transition bonds, if any, may be released earlier in accordance with the indenture.
- 22. Original Issue Discount, Credit Enhancement. TCC may provide original issue discount or provide for various forms of credit enhancement including letters of credit, an overcollateralization subaccount or other reserve accounts, and surety bonds, and other mechanisms designed to promote the credit quality or marketability of the transition bonds to the extent not prohibited by this Financing Order. The decision to use such arrangements to enhance credit or promote marketability shall be made in conjunction

Docket No. 39931 Financing Order Page 72 of 82

with the Commission acting through its designated representative. TCC may not enter into an interest rate swap, currency hedge, or interest rate hedging arrangement. TCC may include the costs of original issue discount, credit enhancements or other arrangements to promote credit quality or marketability as qualified costs only if TCC certifies that such arrangements are reasonably expected to provide benefits greater than their cost and such certifications are agreed with by the Commission's designated representative. TCC shall not be required to enter any arrangements to promote credit quality or marketability unless all related costs and liabilities can be included in qualified costs. TCC and the Commission's designated representative shall evaluate the relative benefits of the arrangements in the same way that benefits are quantified under the quantifiable benefits test. This Ordering Paragraph does not apply to the collection account or its subaccounts approved in this Financing Order.

- 23. Annual Weighted-Average Interest Rate of Bonds. The effective weighted-average interest rate of the transition bonds, excluding up-front and ongoing costs, shall not exceed 6.8%.
- 24. **Life of Bonds.** The scheduled final maturity of the transition bonds authorized by this Financing Order shall not exceed 14 years.
- 25. Amortization Schedule. The Commission approves, and the transition bonds shall be structured to provide a transition charge that is based on substantially levelized annual revenue requirements over the expected life of the transition bonds and utilize consistent allocation factors across rate classes, subject to modification in accordance with the true-up mechanisms adopted in this Financing Order. The structure employing substantially levelized annual revenue requirements will allow the resulting transition charges to remain level or decline over time, if billing determinants remain level or grow. If the transition bonds are issued in more than one series, each series must meet the requirement of substantially levelized annual revenue requirements.
- 26. Commission Participation in Bond Issuance. The Commission, acting through its designated representative, shall participate directly with TCC in negotiations regarding the structuring, pricing, and marketing, and shall have equal rights with TCC to approve

Docket No. 39931 Financing Order Page 73 of 82

or disapprove the proposed structuring, pricing, and marketing of the transition bonds. The Commission's designated representative shall have the right to participate fully and in advance regarding all aspects of the structuring, pricing, and marketing of the transition bonds (and all parties shall be notified of the designated representative's role), and shall be provided timely information that is necessary to fulfill its obligation to the The Commission directs its designated representative to advise the Commission. Commission of any proposal that does not comply in any material respect with the criteria established in this Financing Order and to promptly inform TCC and the Commission of any items that, in the designated representative's opinion, are not reasonable. Although this Financing Order is written in the context of an underwritten offering, nothing herein shall be construed to preclude issuance of the transition bonds through a competitive bid offering or private placement if TCC and the Commission's designated representative agree that TCC should do so. The Commission's designated representative shall notify TCC and the Commission no later than 12:00 p.m. CST on the business day after the Commission's receipt of the issuance advice letter for each series of transition bonds whether the structuring, marketing, and pricing of that series of transition bonds comply with the criteria established in this Financing Order.

27. Use of BondCo. TCC shall use BondCo, a special purpose transition funding entity as proposed in its application, in conjunction with the issuance of a series of transition bonds authorized under this Financing Order. BondCo shall be funded with an amount of capital that is sufficient for BondCo to carry out its intended functions and to avoid the possibility that TCC would have to extend funds to BondCo in a manner that could jeopardize the bankruptcy remoteness of BondCo. TCC may create more than one BondCo in which event, the rights, structure, and restrictions described in this Financing Order with respect to BondCo would be applicable to each purchaser of transition property to the extent of the transition property sold to it and the transition bonds issued by it.

D. Servicing

28. **Servicing Agreement.** The Commission authorizes TCC to enter into the servicing agreement with BondCo and to perform the servicing duties approved in this Financing

Docket No. 39931 Financing Order Page 74 of 82

Order. Without limiting the foregoing, in its capacity as initial servicer of the transition property, TCC is authorized to calculate, bill and collect for the account of BondCo, the transition charges initially authorized in this Financing Order, as adjusted from time to time to meet the Periodic Payment Requirements as provided in this Financing Order; and to make such filings and take such other actions as are required or permitted by this Financing Order in connection with the periodic true-ups described in this Financing Order. The servicer shall be entitled to collect servicing fees in accordance with the provisions of the servicing agreement, provided that, as set forth in Appendix C, (i) the annual servicing fee payable to TCC while it is serving as servicer (or to any other servicer affiliated with TCC) shall not at any time exceed 0.05% of the original principal amount of the transition bonds. The annual servicing fee payable to any other servicer not affiliated with TCC shall not at any time exceed 0.6% of the original principal amount of the transition bonds unless such higher rate is approved by the Commission pursuant to Ordering Paragraph No. 31. The servicing agreement shall contain a recital clause that the Commission, or its attorney, will enforce the servicing agreement for the benefit of Texas ratepayers to the extent permitted by law. The servicing agreement shall also include a provision that TCC shall indemnify the Commission (for the benefit of retail consumers) in connection with any increase in servicing fees that become payable as a result of a default resulting from TCC's willful misconduct, bad faith, or negligence in performance of its duties or observance of its covenants under the servicing agreement. The indemnity will be enforced by the Commission but will not be enforceable by any REP or retail consumer.

- 29. Administration Agreement. The Commission authorizes TCC to enter into an administration agreement with each BondCo to provide the services covered by the administration agreements in TCC's prior securitization transactions. The fee charged by TCC as administrator under that agreement shall not exceed \$100,000 per annum per BondCo plus reimbursable third party costs.
- 30. **Servicing and Administration Agreement Revenues**. The servicing and administrative fees collected by TCC, or any affiliate of TCC, acting as either the servicer or the administrator under the servicing agreement or administration agreement, shall be

Docket No. 39931 Financing Order Page 75 of 82

included as a revenue credit and reduce revenue requirements in each TCC base rate case. The expenses incurred by TCC or such affiliate to perform obligations under the servicing agreement and the administration agreement shall likewise be included as a cost of service in each TCC base rate case.

- 31. **Replacement of TCC as Servicer.** Upon the occurrence of an event of default under the servicing agreement relating to servicer's performance of its servicing functions with respect to the transition charges, the financing parties may replace TCC as the servicer in accordance with the terms of the servicing agreement. If the servicing fee of the replacement servicer will exceed the applicable maximum servicing fee specified in Ordering Paragraph No. 28, the replacement servicer shall not begin providing service until (i) the date the Commission approves the appointment of such replacement servicer or (ii) if the Commission does not act to either approve or disapprove the appointment, the date which is 45 days after notice of appointment of the replacement servicer is provided to the Commission. No entity may replace TCC as the servicer in any of its servicing functions with respect to the transition charges and the transition property authorized by this Financing Order, if the replacement would cause any of the then current credit ratings of the transition bonds to be suspended, withdrawn, or downgraded.
- 32. Amendment of Agreements. The parties to the servicing agreement, administration agreement, indenture, and transition property purchase and sale agreement may amend the terms of such agreements; provided, however, that no amendment to any such agreement shall increase the ongoing qualified costs without the approval of the Commission. Any amendment that does not increase the ongoing qualified costs shall be effective without prior Commission authorization. Any amendment to any such agreement that may have the effect of increasing ongoing qualified costs shall be provided by BondCo to the Commission along with a statement as to the possible effect of the amendment on the ongoing qualified costs. The amendment shall become effective on the later of (i) the date proposed by the parties to the amendment or (ii) 31 days after such submission to the Commission unless the Commission issues an order disapproving the amendment within a 30-day period.

Docket No. 39931 Financing Order Page 76 of 82

- 33. **Collection Terms.** The servicer shall remit collections of the transition charges to BondCo or the indenture trustee for BondCo's account in accordance with the terms of the servicing agreement.
- 34. Contract to Provide Service. To the extent that any interest in the transition property created by this Financing Order is assigned, sold or transferred to an assignee, TCC shall enter into a contract with that assignee that requires TCC to continue to operate its transmission and distribution system in order to provide electric services to TCC's customers; provided, however, that this provision shall not prohibit TCC from selling, assigning, or otherwise divesting its transmission and distribution systems or any part thereof so long as the entities acquiring such system agree to continue operating the facilities to provide electric service to TCC's customers.
- 35. **SEC Requirements.** Each REP or other entity responsible for collecting transition charges from retail consumers shall furnish to BondCo or TCC or to any successor servicer information and documents necessary to enable BondCo or TCC or any successor servicer to comply with their respective disclosure and reporting requirements, if any, with respect to the transition bonds under federal securities laws.

E. Retail Electric Providers

36. **REP Billing and Credit Standards.** The Commission approves the REP standards detailed in Finding of Fact No. 53. These proposed REP standards relate only to the billing and collection of transition charges authorized under this Financing Order, and do not apply to collection of any other nonbypassable charges or other charges. The standards apply to all REPs other than REPs that have contracted with TCC to have TCC bill and collect transition charges from retail consumers. REPs may contract with parties other than TCC to bill and collect transition charges from retail consumers, but such REPs shall remain subject to these standards. Upon adoption of any amendment to the rules governing REP standards as set out in P.U.C. SUBST. R. 25.108, the Commission Staff shall initiate a proceeding to investigate the need to modify the standards adopted in this Financing Order to conform to that rule and to address whether each of the rating agencies that have rated the transition bonds will determine that such modifications will

Docket No. 39931 Financing Order Page 77 of 82

not cause a suspension, withdrawal, or downgrade of the ratings on the transition bonds. Modifications to the REP standards adopted in this Financing Order may not be implemented absent prior written confirmation from each of the rating agencies that have rated the transition bonds that such modifications will not cause a suspension, withdrawal, or downgrade of the ratings on the transition bonds. The servicer of the transition bonds shall also comply with the provisions of the REP standards adopted by this Financing Order that are applicable to the servicer.

- 37. **Transition Charge Remittance Procedures.** Transition charges shall be billed and collected in accordance with the REP standards adopted by this Financing Order. REPs shall be subject to penalties as provided in these standards. A REP shall not be obligated to pay the overdue transition charges of another REP whose customers it agrees to serve.
- 38. **Remedies Upon REP Default.** A servicer of transition bonds shall have the remedies provided in the REP standards adopted by this Financing Order. If a REP that is in default fails to immediately select and implement one of the options provided in the REP standards or, after making its selection, fails to adequately meet its responsibilities under the selected option, then, subject to the limitations and requirements of the bankruptcy code if the REP is a debtor in bankruptcy, the servicer shall immediately cause the POLR or a qualified REP to assume the responsibility for the billing and collection of transition charges in the manner and for the time provided in the REP standards.
- 39. **Billing by POLRs.** Every POLR appointed by the Commission shall comply with the minimum credit rating or deposit/credit support requirements described in the REP standards in addition to any other standard that may be adopted by the Commission. If the POLR defaults or is not eligible to provide billing and collection services, the servicer shall immediately assume responsibility for billing and collection of transition charges and continue to meet this obligation until a new POLR can be named by the Commission or the consumer requests the services of a REP in good standing. Retail consumers may never be directly re-billed by the successor REP, the POLR, or the servicer for any amount of transition charges the consumers have previously paid to their REP.

Docket No. 39931 Financing Order Page 78 of 82

- 40. **Disputes.** Disputes between a REP and a servicer regarding any amount of billed transition charges shall be resolved in the manner provided by the REP standards adopted by this Financing Order.
- 41. **Metering Data.** If the servicer is providing metering services to a REP's retail consumers, then metering data shall be provided to the REP at the same time as the billing. If the servicer is not providing metering services, the entity providing metering services shall comply with Commission rules and ensure that the servicer and the REP receive timely and accurate metering data in order for the servicer to meet its obligations under the servicing agreement and this Financing Order.
- 42. **Charge-Off Allowance.** The REP may retain an allowance for charge-offs from its payments to the servicer as provided in the REP standards adopted by this Financing Order.
- 43. **Service Termination.** In the event that the servicer is billing consumers for transition charges, the servicer shall have the right to terminate transmission and distribution service to the end-use consumer for non-payment by the end-use consumer pursuant to applicable Commission rules. In the event that a REP or the POLR is billing consumers for transition charges, the REP or POLR shall have the right to transfer the consumer to the POLR or to another certified REP or to direct the servicer to terminate transmission and distribution service to the end-use consumer for non-payment by the end-use consumer to the extent permitted by and pursuant to terms and limitations of the applicable Commission rules.

F. Structure of the Securitization

44. **Structure.** TCC shall structure the securitization as proposed in TCC's application. This structure shall be consistent with Finding of Fact Nos. 96 through 99.

G. Use of Proceeds

45. **Use of Proceeds.** Upon the issuance of transition bonds, BondCo shall pay the net proceeds from the sale of the transition bonds (after payment of transaction costs) to TCC for the purchase price of the transition property. TCC will apply these net proceeds to

Docket No. 39931 Financing Order Page 79 of 82

reduce the debt and/or common equity on its regulatory books. While PURA includes any costs of retiring and refunding the electric utility's existing debt and equity securities in connection with the issuance of transition bonds as "qualified costs," TCC is not seeking to include any such costs as qualified costs covered by this Financing Order. However, any costs associated with retiring or refunding existing debt securities of TCC using the proceeds from the issuance of the transition bonds shall be recorded on TCC's books as a regulatory asset and earn carrying costs at the same rate as the weighted-average interest rate on the transition bonds until TCC's next base rate case. The costs, including associated carrying costs, will be considered for recovery in TCC's next base rate case, subject to a showing that such costs were prudently incurred and are reasonable and necessary.

H. Miscellaneous Provisions

- 46. **Continuing Issuance Right.** TCC has the continuing irrevocable right to cause the issuance of transition bonds in one or more series in accordance with this Financing Order for a period commencing with the date of this Financing Order and extending 24 months following the later of (i) the date on which this Financing Order becomes final and no longer subject to any appeal; or (ii) the date on which any other regulatory approvals necessary to issue the transition bonds are obtained and no longer subject to any appeal. If at any time during the effective period of this Financing Order there is a severe disruption in the financial markets of the United States, the effective period shall automatically be extended to a date which is not less than 90 days after the date such disruption ends.
- 47. Internal Revenue Service Private Letter or Other Rulings. TCC is not required by this Financing Order to obtain a ruling from the IRS; however, if it elects to do so, then upon receipt, TCC shall promptly deliver to the Commission a copy of each private letter or other ruling issued by the IRS with respect to the proposed transaction, the transition bonds or any other matter related thereto. TCC shall also include a copy of every such ruling by the IRS it has received as an attachment to each issuance advice letter required to be filed by this Financing Order. TCC may cause transition bonds to be issued without

Docket No. 39931 Financing Order Page 80 of 82

a private letter ruling if it obtains an opinion of tax counsel sufficient to support the issuance of the bonds.

- 48. **Binding on Successors.** This Financing Order, together with the transition charges authorized in it, shall be binding on TCC and any successor to TCC that provides transmission and distribution service directly to retail consumers in TCC's certificated service area as of May 1, 1999, any other entity that provides transmission or distribution services to retail consumers within that service area, and any successor to such other entity. This Financing Order is also binding on each REP, and any successor, that sells electric energy to retail consumers located within that service area, any other entity responsible for billing and collecting transition charges on behalf of BondCo, and any successor to the Commission. In this paragraph, a "successor" means any entity that succeeds by any means whatsoever to any interest or obligation of its predecessor, including by way of bankruptcy, reorganization or other insolvency proceeding, merger, consolidation, conversion, assignment, pledge or other security, by operation of law or otherwise.
- 49. **Flexibility.** Subject to compliance with the requirements of this Financing Order, TCC and BondCo shall be afforded flexibility in establishing the terms and conditions of the transition bonds, including the final structure of BondCo, repayment schedules, term, payment dates, collateral, credit enhancement, required debt service, reserves, interest rates, use of original issue discount, and other financing costs and the ability of TCC, at its option, to cause one or more series of transition bonds to be issued.
- 50. **Effectiveness of Order.** This Financing Order is effective upon issuance and is not subject to rehearing by the Commission. Notwithstanding the foregoing, no transition property shall be created hereunder, and TCC shall not be authorized to impose, collect, and receive transition charges, until concurrently with the transfer of TCC's rights hereunder to BondCo in conjunction with the issuance of the transition bonds.
- 51. **Regulatory Approvals.** All regulatory approvals within the jurisdiction of the Commission that are necessary for the securitization of the transition charges associated

Docket No. 39931

Financing Order

Page 81 of 82

with the costs that are the subject of the application, and all related transactions contemplated in the application, are granted.

- Payment of Commission's Costs for Professional Services. In accordance with PURA § 39.302(4), TCC shall pay the costs to the Commission of acquiring professional services for the purpose of evaluating TCC's proposed transaction, including, but not limited to, the Commission's outside attorneys' fees in the amounts specified in this Financing Order no later than 30 days after the issuance of any transition bonds.
- Subchapter G of Chapter 39 of PURA. The Commission finds this Financing Order complies with the provisions of Subchapter G of Chapter 39 of PURA. A financing order gives rise to rights, interests, obligations and duties as expressed in Subchapter G of Chapter 39 of PURA. It is the Commission's express intent to give rise to those rights, interests, obligations and duties by issuing this Financing Order. TCC and the servicer are directed to take all actions as are required to effectuate the transactions approved in this Financing Order, subject to compliance with the criteria established in this Financing Order.
- 54. **Further Commission Action.** The Commission guarantees that it will act pursuant to this Financing Order as expressly authorized by PURA to ensure that expected transition charge revenues are sufficient to pay on a timely basis scheduled principal and interest on the transition bonds issued pursuant to this Financing Order and other costs, including fees and expenses, in connection with the transition bonds.
- 55. All Other Motions, etc., Denied. All motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief not expressly granted herein, are denied.

Docket No. 39931

Financing Order

Page 82 of 82

SIGNED AT AUSTIN, TEXAS on the day of January, 2012.

PUBLIC UTILITY COMMISSION OF TEXAS

DONNA L. NELSON, CHAIRMAN

KENNETH W. ANDERSON JR., COMMISSIONER

ROLANDO PABLOS, COMMISSIONER

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Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 84 of 117

FINANCING ORDER APPENDIX A Page 1 of 16

FORM OF ISSUANCE ADVICE LETTER

	day,
Dock	set No
THE	PUBLIC UTILITY COMMISSION OF TEXAS
SUB.	JECT: ISSUANCE ADVICE LETTER FOR TRANSITION BONDS
Final COM the p Advi capit	nant to the Financing Order adopted in Application of AEP Texas Central Company for a natural Order, Docket No (the "Financing Order"), AEP TEXAS CENTRAL (IPANY, ("Applicant") hereby submits, no later than the end of the first business day after pricing of this series of Transition Bonds, the information referenced below. This Issuance ce Letter is for the [BondCo] Transition Bonds series, tranches Any alized terms not defined in this letter shall have the meanings ascribed to them in the incing Order.
<u>PUR</u>	POSE
This	filing establishes the following:
(a) (b) (c) (d) (e)	the total amount of Qualified Costs being securitized; confirmation of compliance with issuance standards; the actual terms and structure of the Transition Bonds being issued; the initial Transition Charge for retail users; and the identification of the SPE.

QUALIFIED COSTS BEING SECURITIZED

The total amount of Qualified Costs being securitized (the "Securitized Qualified Costs") is presented in Attachment 1.

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 85 of 117

FINANCING ORDER APPENDIX A Page 2 of 16

COMPLIANCE WITH ISSUANCE STANDARDS

The Financing Order requires Applicant to confirm, using the methodology approved therein, that the actual terms of the Transition Bonds result in compliance with the standards set forth in the Financing Order. These standards are:

- 1. The securitization of Qualified Costs will provide tangible and quantifiable benefits to ratepayers, greater than would be achieved absent the issuance of Transition Bonds (See Attachment 2, Schedule D);
- 2. The amount securitized will not exceed the present value of the conventional financing revenue requirement over the life of the proposed Transition Bonds associated with the Securitized Qualified Costs when the present value calculation is made using a discount rate equal to the proposed interest rate on the Transition Bonds (See Attachment 2, Schedule D);
- 3. The total amount of revenues to be collected under the Financing Order is less than the revenue requirement that would be recovered using conventional financing methods (See Attachment 2, Schedule C and D);
- 4. The Transition Bonds will be issued in one or more series comprised of one or more tranches having target final maturities of __ years and legal final maturities not exceeding __ years from the date of issuance of such series (See Attachment 2, Schedule A);
- 5. The structuring and pricing of the Transition Bonds is certified by the Applicant to result in the lowest transition bond charges consistent with market conditions and the terms (including the amortization structure ordered by the Commission, if any) set out in the Financing Order (See Attachment 4).

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 86 of 117

FINANCING ORDER APPENDIX A Page 3 of 16

ACTUAL TERMS OF ISSUANCE

Transition Bond Series:

Transition Bona Series.
Transition Bond Issuer: [BondCo]
Trustee:
Closing Date:, 2012
Bond Ratings: S&P AAA, Fitch AAA, Moody's Aaa
Amount Issued: \$
Transition Bond Issuance Costs: See Attachment 1, Schedule B.
Transition Bond Support and Servicing: See Attachment 2, Schedule B.

Tranche	Coupon Rate	Expected Final Maturity	Legal Final Maturity
A-1	%	1 1	1 1
A-2	%	11	/ /
A-3	%	11	/ /
A-4	%	/ /	/ /
A-5	%	11	/ /

Effective Annual Weighted Average Interest Rate		
of the Transition Bonds:	<u>%</u>	
Life of Series:	years	
Weight Average Life of Series:	years	
Call provisions (including premium, if any):		
Target Amortization Schedule:	Attachment 2, Schedule A	
Target Final Maturity Dates:	Attachment 2, Schedule A	
Legal Final Maturity Dates:	Attachment 2, Schedule A	
Payments to Investors:	Semiannually	
	Beginning, 2012	
Initial annual Servicing Fee as a percent of original		
Transition Bond principal balance: 0.05%		

FINANCING ORDER APPENDIX A Page 4 of 16

INITIAL TRANSITION CHARGE

Table I below shows the current assumptions for each of the variables used in the calculation of the initial Transition Charges.

TABLE I	
Input Values For Initial Transition Char	ges
Applicable period: from, to,	
Forecasted retail kWh/kW sales for the applicable period:	
Transition Bond debt service for the applicable period:	\$
Percent of billed amounts expected to be charged-off:	%
Forecasted % of Billing Paid in the Applicable Period:	%
Forecasted retail kWh/kW sales billed and collected for the applicable period:	
Forecasted annual ongoing transaction expenses (Excluding Transition Bond principal and interest):	\$.
Current Transition Bond outstanding balance:	\$
Target Transition Bond outstanding balance as of _/_/_:	\$
Total Periodic Billing Requirement for applicable period:	\$

Allocation of the PBR among customer classes: See Attachment 3.

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 88 of 117

FINANCING ORDER APPENDIX A Page 5 of 16

Based on the foregoing, the initial Transition Charges calculated for retail users are as follows:

TABLE II		
Rate Class	Initial Transition Charge	
Residential	\$/kWh	
Commercial and Small Industrial - Energy	\$/kWh	
Commercial and Small Industrial – Demand	\$/kW or kVa	
Large Industrial – Firm	\$/kW or kVa	
Large Industrial – Non-Firm	\$/kW or kVa	
Standby – Firm	\$/kW or kVa	
Standby – Non-Firm	\$/kW or kVa	
Municipal and Cotton Gin	\$/kWh	

IDENTIFICATION OF SPE

The owner of the Transition Property (the "SPE") will be: [BondCo].

EFFECTIVE DATE

In accordance with the Financing Order, the Transition Charge shall be automatically effective upon the Applicant's receipt of payment in the amount of \$______ from [BondCo], following Applicant's execution and delivery to [BondCo] of the Bill of Sale transferring Applicant's rights and interests under the Financing Order and other rights and interests that will become Transition Property upon transfer to [BondCo] as described in the Financing Order.

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 89 of 117

FINANCING ORDER APPENDIX A Page 6 of 16

NOTICE

Copies of this filing are being furnished to the parties on the attached service list. Notice to the public is hereby given by filing and keeping this filing open for public inspection at Applicant's corporate headquarters.

AUTHORIZED OFFICER

The undersigned is an officer of Applicant and authorized to deliver this Issuance Advice Letter on behalf of Applicant.

Respectfully submitted,

AEP TEXAS CENTRAL COMPANY

By:	
Name:	
Title:	

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 90 of 117

FINANCING ORDER APPENDIX A Page 7 of 16

ATTACHMENT 1 SCHEDULE A CALCULATION OF SECURITIZED QUALIFIED COSTS

Amount permitted to be securitized by Financing Order	\$
TOTAL SECURITIZED QUALIFIED COSTS	\$

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 91 of 117

FINANCING ORDER APPENDIX A Page 8 of 16

ATTACHMENT 1 SCHEDULE B ESTIMATED UP-FRONT QUALIFIED COSTS

Underwriters' Fees	\$
Legal Fees	
Rating Agency Fees	
Company Advisor's Fees	
Printing/Edgarizing	
SEC Registration Fee	
Non-legal Securitization Proceeding Costs	
Miscellaneous Administrative Costs	
Accountant's Fees	
Servicer's Set-up Costs	
Trustee's/Trustee Counsel's Fees	
SPE Setup Costs	
Subtotal capped Up-Front Qualified Costs	
Original Issuance Discount	
Cost of Other Credit Enhancements	
Rounding/contingency	
Subtotal Uncapped Up-Front Qualified Costs	
TOTAL UP-FRONT COSTS SECURITIZED	\$

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 92 of 117

FINANCING ORDER APPENDIX A Page 9 of 16

ATTACHMENT 2 SCHEDULE A TRANSITION BOND REVENUE REQUIREMENT INFORMATION

SERIES , TRANCHE					
Payment Date	Principal Balance	Interest	Principal	Total Payment	
				- William - Company of the Company o	
	·				

SERIES , TRANCHE				
Payment Date	Principal Balance	Interest	Principal	Total Payment
				-
			· ·	

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 93 of 117

FINANCING ORDER APPENDIX A Page 10 of 16

SERIES , TRANCHE				
Payment Date	Principal Balance	Interest	Principal	Total Payment
				<u> </u>
			-	
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Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 94 of 117

FINANCING ORDER APPENDIX A Page 11 of 16

ATTACHMENT 2 SCHEDULE B ONGOING QUALIFIED COSTS

	ANNUAL AMOUNT
Ongoing Servicer Fee (TCC as Servicer) (0.05% of principal amount)	\$
Administration Fee	
Accountants' Fee	
Lead Underwriter Ongoing Administration Fees	
Legal Fees/Expenses for Company's/Issuer's Counsel	
Trustee's/Trustee's Counsel Fees and Expenses	
Independent Managers' Fees	
Rating Agency Fees	
Printing/EDGARization Expenses	
Miscellaneous	
TOTAL ONGOING QUALIFIED COSTS (with TCC as Servicer)	\$
Ongoing Servicer Fee (Third Party as Servicer) (0.60% of principal amount)	
TOTAL ONGOING QUALIFIED COSTS (Third Party as Servicer)	\$

Note: Certain of the Ongoing Qualified Costs are subject to caps set forth in the Financing Order. The amounts shown for each category of operating expense on this attachment are the expected expenses for the first year of the transition bonds. Transition charges will be adjusted at least annually to reflect any changes in Ongoing Qualified Costs through the true-up process described in the Financing Order.

Case No. 2023-00159 Commission Staff's Second Set of Data Request Dated August 14, 2023 Attachment 4 Page 95 of 117

> FINANCING ORDER APPENDIX A Page 12 of 16

CALCULATION OF TRANSITION CHARGES

Year	Transition Bond Payments ¹	Ongoing Costs ²	Total nominal Transition Charge Requirement ³	Present Value of Transition Charges ⁴

¹ From Attachment 2, Schedule A.

From Attachment 2, Schedule B.

³ Sum of transition bond payments and ongoing costs.

⁴ The discount rate used is the weighted average effective annual interest rate of the transition bonds.

Case No. 2023-00159 Commission Staff's Second Set of Data Request Dated August 14, 2023 Item No. 67 Attachment 4 Page 96 of 117

> FINANCING ORDER APPENDIX A Page 13 of 16

ATTACHMENT 2 SCHEDULE D COMPLIANCE WITH SUBCHAPTER G OF THE UTILITIES CODE

TANGIBLE & QUANTIFIABLE BENEFITS AND REVENUE REQUIREMENTS TESTS:5

	Conventional Financing Through Competition Transition Charge (CTC) ⁶	Securitization Financing ⁷	Savings/(Cost) of Securitization Financing
Nominal	\$	\$	\$
Present Value	\$	\$	\$

⁵ Calculated in accordance with the methodology used in Schedule 1 of TCC's application
⁶ CTC carrying costs at 6.953% and CTC term of 14 years. The discount rate used is the weighted average effective annual interest rate of the transition bonds of _____%.

From Attachment 2, Schedule C.

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 97 of 117

FINANCING ORDER APPENDIX A Page 14 of 16

ATTACHMENT 3

INITIAL ALLOCATION OF COSTS TO TC3 CLASSES

(1)	(2)	(3)	(4)	(5)	(6)
TC3 Classes	PBRAF ⁸	Periodic Billing	Billing	Forecasted Billing	Transition Charge
		Requirement	Requirement per TC3 Class (2)*(3)	Determinants	(4)÷(5)
Residential	%	\$	\$		\$/kWh
Commercial and Small	%				\$ /kWh
Industrial - Energy					
Commercial and Small	%				\$ /kW or kVa
Industrial - Demand					
Large Industrial - Firm	%				\$/kW or kVa
Large Industrial - Non-	%			•	\$ /kW or kVa
Firm					
Standby - Firm	%				\$ /kW or kVa
Standby - Non-Firm	%				\$/kW or kVa
Municipal and Cotton Gin	%				\$ /kWh
Total	100.00%	\$	\$		

⁸ Determined in accordance with the methodology set forth in the Financing Order and Schedule TC-3.

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 98 of 117

FINANCING ORDER APPENDIX A Page 15 of 16

ATTACHMENT 4 FORM OF APPLICANT'S CERTIFICATION

[AEP Letterhead] Date:, 2012
Public Utility Commission of Texas 1701 N. Congress Ave. P.O. Box 13362 Austin, TX 78711-3326
Re: Application of AEP Texas Central Company for a Financing Order, Docket No.
AEP TEXAS CENTRAL COMPANY (the "Applicant") submits this Certification pursuant to Ordering Paragraph No. [4] of the Financing Order in Application of AEP Texas Central Company for a Financing Order, Docket No (the "Financing Order"). All capitalized terms not defined in this letter shall have the meanings ascribed to them in the Financing Order.
In its issuance advice letter dated, 2012, the Applicant has set forth the following particulars of the Transition Bonds:
Name of Transition Bonds:
SPE: [BondCo]
Closing Date:, 2012 Amount Issued: \$
Expected Amortization Schedule: See Attachment 2, Schedule A to the Issuance Advice Letter
Distributions to Investors (quarterly or semi-annually):
Weighted Average Coupon Rate:%
Weighted Average Yield:%
The following actions were taken in connection with the design, structuring and pricing of the bonds:
<insert actions="" actually="" here="" taken=""></insert>

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 99 of 117

FINANCING ORDER APPENDIX A Page 16 of 16

Based upon information reasonably available to its officers, agents, and employees of Applicant, the Applicant hereby certifies that the structuring and pricing of the Transition Bonds, as described in the issuance advice letter, will result in the lowest transition bond charges consistent with market conditions and the terms of the Financing Order (including the amortization structure, if any, ordered by the Commission), all within the meaning of Section 39.301 of PURA. [Applicant further certifies that it reasonably expects the small amount of original issue discount associated with the transition bonds to provide benefits greater than its costs.]

The foregoing certifications do not mean that lower transition bond charges could not have been achieved under different market conditions, or that structuring and pricing the Transition Bonds under conditions not permitted by the Financing Order could not also have achieved lower transition bond charges.

The applicant is delivering this Certification to the Commission and to the Commission's financial advisor, solely to assist them in establishing compliance with the aforesaid Section 39.301, and to no other person. The Applicant specifically disclaims any responsibility to any other person for the contents of this Certification, whether such person claims rights directly or as third-party beneficiary.

AEP TEXAS CENTRAL COMPANY

By:	
Name:	
Title:	

AEP TEXAS CENTRAL COMPANY

FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX B

Applicable:

Entire System

Chapter:

Page 1 of 14

Section Title: Delivery System Charges

6

Section:

6.1.1

Revision:

Original

Effective Date:

[Closing Date]

6.1.1.2.3 Transition Charge-3 Rates - Schedule TC-3

DEFINITIONS

For the purposes of this schedule the following terms shall have the following meanings:

Company - AEP Texas Central Company and its successors and assigns that provide transmission or distribution service directly to customers taking service at facilities, premises, or loads located within the Service Area.

Financing Order - the Financing Order issued by the Public Utility Commission of Texas (Commission) in Docket No. 39931 under Subchapter G of Chapter 39 of the Texas Public Utility Regulatory Act (PURA) providing for the issuance by the SPE of transition bonds (Transition Bonds) to securitize the amount of qualified costs (Qualified Costs) determined by the Commission in such order.

Non-Eligible Self-Generation (NESG) - new on-site generation as defined in PURA § 39.252(b) which materially reduces or reduced customer loads on the Company's transmission and distribution system, unless excluded under PURA § 39.262(k) and any rules adopted by the Commission pursuant thereto.

Retail Electric Provider (REP) - the entity which serves the customer's energy needs, and will remit to the Servicer the Transition Charges billed in accordance with this schedule.

Service Area – the Company's certificated service area as it existed on May 1, 1999.

Servicer - on the effective date of this tariff, the Company shall act as Servicer. However, the Special Purpose Entity (SPE) may select another party to function as Servicer or the Company may resign as Servicer in accordance with terms of the Servicing Agreement and Financing Order issued in Docket No. 39931. A Servicer selected under these conditions shall assume the obligations of the Company as Servicer under this schedule. As used in this schedule, the term Servicer includes any successor Servicer.

Special Purpose Entity (SPE) - the owner of Transition Property, on behalf of whom the TC-3 Charges are collected.

Transition Charge-3 (TC-3 Charges) – a non-bypassable charge computed on the basis of individual end-use retail customer consumption, except for TC-3s applicable to NESG for which charges are based on the output of the on-site generation.

AEP TEXAS CENTRAL COMPANY

FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX B

Applicable:

Entire System

Page 2 of 14

Chapter:

Revision:

6.1.1

Section Title: Delivery System Charges Original

Section:

Effective Date:

[Closing Date]

6.1.1.2.3 Transition Charge-3 Rates - Schedule TC-3

(a) For customers whose facilities, premises, and loads are subject to TC-3s billed and collected pursuant to the Transition Charge-3 Rates (TC-3 Rates) under this schedule, the TC-3 Rates shall constitute a separate charge.

(b) The assessment of TC-3s will be separately identified on the bills sent to REPs.

APPLICABILITY

This schedule, along with Rider TC-3, sets out the rates, terms and conditions under which TC-3s shall be billed and collected by the Company, any successor Servicer(s), and any REPs on behalf of the owner of Transition Property pursuant to the terms of the Financing Order. This schedule is applicable to energy consumption and demands of retail customers taking transmission and/or distribution service from the Company and to facilities, premises and loads of such retail customers.

This schedule also applies to:

- Retail customers taking service at facilities, premises, or loads located within the Service Area who are not presently receiving transmission and/or distribution service from the Company, but whose present facilities, premises, or loads received transmission and/or distribution service from the Company at any time on or after May 1, 1999 when a request to change service to another utility was not pending as of that date.
- Retail customers located within the Service Area and prior retail customers of the Company 2. who are served by new NESG.
- Public retail customers located within the Service Area who purchase power from the 3. General Land Office under PURA § 35.102.

This schedule does not apply to the facilities, premises, and loads of customers described above who are taking service from Sharyland Utilities L.P. pursuant to the Commission Order in Docket No. 20292.

Individual end-use customers are responsible for paying TC-3s billed to them in accordance with the terms of this schedule. Payment is to be made to the entity that bills the customer in accordance with the terms of the Servicing Agreement and the Financing Order, which entity may be the Company, a successor Servicer, a REP, an entity designated to collect TC-3s in place of the REP, or other entity which, under the terms of the Financing Order or PURA, may be obligated to pay or collect the TC-3s. The REP, an entity designated to collect TC-3s in place of

AEP TEXAS CENTRAL COMPANY

FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX B

Applicable:

Entire System

Page 3 of 14

Chapter:

Section:

Section Title: Delivery System Charges

Revision: Original

[Closing Date]

6.1.1.2.3 Transition Charge-3 Rates - Schedule TC-3

6.1.1

Effective Date:

the REP, or another entity which, under the terms of the Financing Order or PURA, is obligated to pay or collect the TC-3s will pay the TC-3s to the Servicer. The Servicer will remit collections to the SPE in accordance with the terms of the Servicing Agreement.

TERM

This schedule shall remain in effect until TC-3s have been collected and remitted to the SPE which are sufficient in amount to satisfy all obligations of the SPE in regard to paying principal and interest on the Transition Bonds together with all other qualified costs as provided in PURA § 39.302(4). However, in no event shall the TC-3s provided for in this schedule be collected for service rendered after 15 years from issuance of the Transition Bonds. TC-3s for service rendered during the 15-year period following issuance of the Transition Bonds pursuant to the Financing Order, but not collected during that 15-year period, may be collected after the 15-year period. This schedule is irrevocable and non-bypassable for the full term during which it applies.

RATE CLASSES

For the purposes of billing TC-3s, each retail end-use customer shall be designated as a customer in one of the following eight customer classes. A new customer shall be assigned to the appropriate customer class based on anticipated usage characteristics.

Residential - This service is applicable to customers consisting of individual private dwellings and individually metered apartments. In addition, security or flood lighting services provided on residential customer's premises shall be included in this rate class.

Commercial and Small Industrial - Energy - This service is applicable to nonresidential customers (1) with annual maximum measured demands less than 12,500 kVa and (2) whose current rate class for the purpose of transmission and distribution usage is billed without any demand charges. In addition, security or flood lighting services provided on applicable end-use customer's premises shall be included in this rate class.

Commercial and Small Industrial - Demand - This service is applicable to nonresidential customers (1) with annual maximum measured demands less than 12,500 kVa and (2) whose current rate class for the purpose of transmission and distribution usage requires a demand meter.

FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX B

Applicable:

Entire System

Chapter:

Original

Section: 6.1.1 Page 4 of 14

Revision:

Section Title: Delivery System Charges

Effective Date:

[Closing Date]

6.1.1.2.3 Transition Charge-3 Rates - Schedule TC-3

Large Industrial - Firm - This service is applicable to non-residential customers taking non-interruptible service with annual maximum measured demands equal to 12,500 kVa or more whose service is provided to the entire premises at not less than 60,000 volts.

Standby - Firm - This service is applicable to non-residential customers taking non-interruptible standby service when such service may be substituted, either directly or indirectly, for customer-owned and operated power production equipment.

Standby - Non-Firm - This service is applicable to non-residential customers whose service is provided to the entire premises at not less than 60,000 volts who are taking as-available standby service when such service may be substituted. either directly or indirectly, for customer-owned and operated power production equipment not held primarily for emergency use.

Large Industrial - Non-firm - This service is applicable to non-residential customers taking interruptible service with annual maximum measured demands equal to 12,500 kVa or more whose service is provided to the entire premises at not less than 60,000 volts. In addition, this service is applicable to customers whose service is provided to the entire premises at not less than 60,000 volts and who have self-generation capability equal to or greater than 25,000 kW and who purchase a minimum of 25,000 kW as Standby - Firm service for that portion of the customer's load which displaces, in total or in part, the customer's selfgenerating capability.

Municipal and Cotton Gin - This service is applicable to municipalities, other utilities, and other public agencies for electric service for the operation of water supply, sewage, and/or drainage systems serving the general public supplied at one point of delivery and measured by one meter. In addition, this service is applicable to political subdivisions and eleemosynary institutions for traffic lighting, flood lighting and street lighting service on public streets and highways, in public areas, and upon the grounds of public schoolyard or educational institutions not organized for profit. This service is further applicable to all electric service other than lighting service furnished to cotton gins.

FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX B

Applicable: Entire System

Page 5 of 14

Chapter: 6

Revision:

Section:

6.1.1

Section Title: Delivery System Charges

Original Effective Date:

[Closing Date]

6.1.1.2.3 Transition Charge-3 Rates – Schedule TC-3

PERIODIC BILLING REQUIREMENT ALLOCATION FACTORS

The following Periodic Billing Requirement Allocation Factors (PBRAF) to be used in the calculation of the TC-3 Rates are calculated using the methods approved by the Commission in the Financing Order. The PBRAFs shall be the percentage of cost responsibility for each Transition Charge-3 customer class.

Transition Charge-3 Class	PBRAF
Residential	39.2853%
Commercial and Small Industrial - Energy	22.6320%
Commercial and Small Industrial - Demand	29.4288%
Large Industrial – Firm	2.2118%
Large Industrial – Non-Firm	1.9842%
Standby – Firm	1.4922%
Standby – Non-Firm	0.2533%
Municipal and Cotton Gin	2.7124%

DETERMINATION OF TRANSITION CHARGE-3 (TC-3) RATES

TC-3 Rates will be adjusted no less frequently than annually in order to ensure that the expected collection of TC-3s is adequate to pay when due, pursuant to the expected amortization schedule, principal and interest on the Transition Bonds and pay on a timely basis other Qualified Costs. The TC-3 Rates shall be computed by multiplying the PBRAFs times the Periodic Billing Requirement (PBR) for the projected period in which the Adjusted TC-3 Rates are expected to be in effect (TC-3 Period), and dividing such amount by the billing units of the TC-3 customer class, as shown in the following formula:

 $TC-3_c = [(PBR * PBRAF_c) + P_c]/ FBU_c$

where,

TC-3_c = Transition Charge-3 Rate applicable to a TC-3 rate class during the

TC-3 Period:

PBR = Periodic Billing Requirement for the TC-3 Period;

PBRAF_c = The Periodic Billing Requirement Allocation Factor for such class

in effect at such time;

TARIFF FOR ELECTRIC DELIVERY SERVICE

FINANCING ORDER APPENDIX B

Applicable: Entire System Page 6 of 14

Section:

Chapter:

6.1.1

Section Title: Delivery System Charges Revision: Original

Effective Date: [Closing Date]

6.1.1.2.3 Transition Charge-3 Rates - Schedule TC-3

 P_c Prior period over-/under-recovery for such class;

FBU_c Forecasted Billing Units (i.e., class-specific energy or demand billing units) currently forecast for a class for the TC-3 period.

TRUE-UP ADJUSTMENT PROCEDURE

Not less than 15 days prior to the first billing cycle for the Company's [March 2013] billing month, and no less frequently than annually, the Servicer shall file a revised Rider TC-3 setting forth the upcoming TC-3 period's TC-3 Rates (Adjusted TC-3 rates), complete with all supporting materials. The Adjusted TC-3 Rates will become effective on the first billing cycle of the Company's [March] billing month. The Commission will have 15 days after the date of the true-up filing in which to confirm the accuracy of the of the Servicer's adjustment. Any necessary corrections to the Adjusted TC-3 Rates, due to mathematical errors in the calculation of such rates or otherwise, will be made in a future true-up adjustment filing.

In addition, optional interim true-up adjustments may be made more frequently by the Servicer at any time during the term of the transition bonds to correct any undercollection or overcollection, as provided for in the Financing Order, in order to assure timely payment of the Transition Bonds based on rating agency and bondholder considerations. Mandatory interim true-up adjustments shall be made semi-annually (or quarterly after the last scheduled maturity date of the Transition Bonds) if the Servicer forecasts that transition charge collections will be insufficient to make all scheduled payments of principal, interest and other amounts in respect of the Transition Bonds on a timely basis during the current or next succeeding payment period and/or or to replenish any draws upon the capital subaccount. The interim true-up adjustment will be filed no later than 15 days prior to the following month's first billing cycle for implementation. Filing with and review by the Commission will be accomplished for the interim true-up adjustment in the manner as for the annual true-up adjustment set forth above. In no event will a mandatory interim true-up adjustment occur more frequently than semi-annually provided, however, that mandatory interim true-up adjustments after the last scheduled maturity date of the Transition Bonds shall occur quarterly.

TARIFF FOR ELECTRIC DELIVERY SERVICE

Section:

FINANCING ORDER

APPENDIX B

Applicable:

Entire System

Page 7 of 14

Chapter:

6.1.1

Section Title: Delivery System Charges

Revision:

Original

Effective Date:

[Closing Date]

Transition Charge-3 Rates - Schedule TC-3 6.1.1.2.3

NON-STANDARD TRUE-UP PROCEDURE

In the event that the forecasted billing units for one or more of the Transition Charge-3 customer classes for an upcoming period decreases by more than 10% of the threshold billing units set forth in the Financing Order, the Servicer shall make a non-standard true-up filing at least 90 days before the effective date of the next annual true-up adjustment. The true-up shall be conducted in the following manner. The Servicer shall:

- allocate the upcoming period's Periodic Billing Requirement based on the (a) PBRAFs approved in the Financing Order:
- (b) calculate undercollections or overcollections from the preceding period in each class by subtracting the previous period's transition charge revenues collected from each class from the Periodic Billing Requirement determined for that class for the same period;
- (c) sum the amounts allocated to each customer class in steps (a) and (b) above to determine an adjusted Periodic Billing Requirement for each customer class:
- divide the Periodic Billing Requirement for each customer class by the (d) maximum of the forecasted billing units or the threshold billing units for that class, to determine the threshold rate:
- (e) multiply the threshold rate by the forecasted billing units for each class to determine the expected collections under the threshold rate;
- (f) allocate the difference in the adjusted Periodic Billing Requirement and the expected collections calculated in step (e) among the transition charge-3 customer classes using the PBRAFs approved in this Financing Order;
- (g) add the amount allocated to each class in step (f) above to the expected collection amount by class calculated in step (e) above to determine the final Periodic Billing Requirement for each class; and
- (h) divide the final Periodic Billing Requirement for each class by the forecasted billing units to determine the transition charge-3 rate by class for the upcoming period.

FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

Page 8 of 14

Applicable: Entire System

APPENDIX B

Chapter:

6.1.1

Revision:

Section Title: Delivery System Charges Original

Section:

[Closing Date]

6.1.1.2.3 Transition Charge-3 Rates - Schedule TC-3

A proceeding for the purpose of approving a non-standard true-up should be conducted in the following manner:

Effective Date:

- (a) The Servicer will make a "non-standard true-up filing" with the Commission at least 90 days before the effective date of the proposed trueup adjustment. The filing will contain the proposed changes to the TC-3 Rates, justification for such changes as necessary to specifically address the cause(s) of the proposed non-standard true-up, and a statement of the proposed effective date.
- (b) Concurrently with the filing of the non-standard true-up with the Commission, the servicer will notify all parties in Docket No. 39931 of the filing of the proposal for a non-standard true-up.
- The Servicer will issue appropriate notice and the Commission will (c) conduct a contested case proceeding on the non-standard true-up proposal pursuant to PURA § 39.003.

The scope of the proceeding will be limited to determining whether the proposed adjustment complies with the Financing Order. The Commission will issue a final order by the proposed effective date stated in the non-standard true-up filing. In the event that the Commission cannot issue an order by that date, the Servicer will be permitted to implement its proposed changes. Any modifications subsequently ordered by the Commission will be made by the Servicer in the next true-up filing.

BILLING AND COLLECTION TERMS AND CONDITIONS

The billing and collection of TC-3s may differ as set forth in this schedule. The terms and conditions for each party are set forth below:

- A. Billings by Servicer to other electric utilities, municipally owned utilities, and cooperatives:
- 1. Applicable to former retail customers of the Company in multiply certificated service areas now taking service from other electric utilities, municipally owned utilities, or cooperatives or through REPs served from other electric utilities, municipally owned utilities, or cooperatives.
- 2. Charges subject to this tariff must be paid in full by the other electric utility, municipally owned utility, or cooperative to the Servicer 35 days after billing by

FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX B

Applicable:

Entire System

Page 9 of 14

Chapter:

6.1.1

Section Title: Delivery System Charges

Section:

Revision: Original

Effective Date:

[Closing Date]

6.1.1.2.3 Transition Charge-3 Rates - Schedule TC-3

the Servicer regardless of whether the electric utility, municipally owned utility, or cooperative collects such charges from the end-use retail customer or from the REP, if applicable.

B. Billings by Servicer to NESG:

- Applicable to end-use consumption served by on-site non-eligible self generation. 1. The TC-3s applicable to NESG are in addition to the applicable Transition Charges under A above or C below.
- 2. Payment terms pursuant to the Commission's rules.
- 3. Rate class determined by summing loads on the transmission and distribution system with loads served by non-eligible generation.
- 4. Servicer has the right to terminate for non-payment pursuant to the Commission's rules.

C. Billings by the REP or its Replacement to End-Use Customers:

- 1. Applicable to consumption of all retail end-use customers served by the REP for which TC-3s apply, including applicable former customers and NESG, under the following conditions:
- 2. REPs shall provide the Servicer with full and timely information necessary to provide proper reporting and for billing and true-up adjustments.
- Each REP must (1) have a long-term, unsecured credit rating of not less than 3. "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively, or (2) provide (A) a deposit of two months' maximum expected Transition Charge-3 collections in the form of cash, (B) an affiliate guarantee, surety bond, or letter of credit providing for payment of such amount of Transition Charge-3 collections in the event that the REP defaults in its payment obligations, or (C) a combination of any of the foregoing. A REP that does not have or maintain the requisite long-term, unsecured credit rating may select which alternate form of deposit, credit support, or combination thereof it will utilize, in its sole discretion. The Indenture Trustee shall be the beneficiary of any affiliate guarantee, surety bond or letter of credit. The provider of any affiliate guarantee, surety bond, or letter of credit must have and maintain a

FINANCING ORDER APPENDIX B

Applicable:

Entire System

Chapter:

6

Section: 6.1.1 Page 10 of 14

TARIFF FOR ELECTRIC DELIVERY SERVICE

Section Title: Delivery System Charges Revision:

Original Effective Date:

[Closing Date]

6.1.1.2.3 Transition Charge-3 Rates - Schedule TC-3

long-term, unsecured credit ratings of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively.

- 4. If the long-term, unsecured credit rating from either Standard & Poor's or Moody's Investors Service of a REP that did not previously provide the alternate form of deposit, credit support, or combination thereof or of any provider of an affiliate guarantee, surety bond, or letter of credit is suspended, withdrawn, or downgraded below "BBB-" or "Baa3" (or the equivalent), the REP must provide the alternate form of deposit, credit support, or combination thereof, or new forms thereof, in each case from providers with the requisite ratings, within 10 business days following such suspension, withdrawal, or downgrade. A REP failing to make such provision must comply with the provisions set forth in Paragraph 3 of the next section, Billings by the Servicer to the REP or its Replacement (when applicable).
- 5. The computation of the size of a required deposit shall be agreed upon by the Servicer and the REP, and reviewed no more frequently than quarterly to ensure that the deposit accurately reflects two months' maximum collections. Within 10 business days following such review, (1) the REP shall remit to the Indenture Trustee the amount of any shortfall in such required deposit or (2) the Servicer shall instruct the Indenture Trustee to remit to the REP any amount in excess of such required deposit. A REP failing to so remit any such shortfall must comply with the provisions set forth in Paragraph 3 of the next section, Billings by the Servicer to the REP or its Replacement (when applicable). REP cash deposits shall be held by the Indenture Trustee, maintained in a segregated account, and invested in short-term high quality investments, as permitted by the rating agencies rating the Transition Bonds. Investment earnings on REP cash deposits shall be considered part of such cash deposits so long as they remain on deposit with the Indenture Trustee. At the instruction of the Servicer, cash deposits will be remitted with investment earnings to the REP at the end of the term of the Transition Bonds unless otherwise utilized for the payment of the REP's obligations for Transition Charge-3 payments. Once the deposit is no longer required, the Servicer shall promptly (but not later than 30 calendar days) instruct the Indenture Trustee to remit the amounts in the segregated accounts to the REP.
- In the event that a REP or the POLR is billing customers for TC-3s, the REP 6. shall have the right to transfer the customer to the Provider of Last Resort (POLR) (or to another certified REP) or to direct the Servicer to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer pursuant to applicable Commission rules.

FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX B

Applicable:

Revision:

Entire System

Original

Page 11 of 14

Chapter: 6

Section:

6.1.1

Section Title: Delivery System Charges

Effective Date:

[Closing Date]

6.1.1.2.3 Transition Charge-3 Rates – Schedule TC-3

D. Billings by the Servicer to the REP or its Replacement (when applicable):

- 1. Applicable to all consumption subject to REP billing of TC-3s.
- 2. Payments of TC-3s are due 35 calendar days following each billing by the Servicer to the REP, without regard to whether or when the REP receives payment from its retail customers. The Servicer shall accept payment by electronic funds transfer (EFT), wire transfer (WT) and/or check. Payment will be considered received the date the EFT or WT is received by the Servicer, or the date the check clears. A 5% penalty is to be charged on amounts received after 35 calendar days; however, a 10-calendar-day grace period will be allowed before the REP is considered to be in default. A REP in default must comply with the provisions set forth in Paragraph 3 below. The 5% penalty will be a one-time assessment measured against the current amount overdue from the REP to the Servicer. The current amount consists of the total unpaid Transition Charges existing on the 36th calendar day after billing by the Servicer. Any and all such penalty payments will be made to the Indenture Trustee to be applied against Transition Charge obligations. A REP shall not be obligated to pay the overdue Transition Charges of another REP. If a REP agrees to assume the responsibility for the payment of overdue Transition Charges as a condition of receiving the customers of another REP who has decided to terminate service to those customers for any reason, the new REP shall not be assessed the 5% penalty upon such Transition Charges; however, the prior REP shall not be relieved of the previously assessed penalties.
- 3. After the 10 calendar-day grace period (the 45th calendar day after the billing date) referred to in Paragraph 2 above, the Servicer shall have the option to seek recourse against any cash deposit, affiliate guarantee, surety bond, letter of credit, or combination thereof made by the REP, and avail itself of such legal remedies as may be appropriate to collect any remaining unpaid Transition Charges and associated penalties due the Servicer after the application of the REP's deposit or alternate form of credit support. In addition, a REP that is in default with respect to the requirements set forth in Paragraphs 4 and 5 of the previous section, Billings by the REP or its Replacement to End-Use Customers, and Paragraph 2 of this section shall select and implement one of the following options:
 - (a) Allow the Provider of Last Resort (POLR) or a qualified REP of the customer's choosing to immediately assume the responsibility for the billing and collection of Transition Charges.

FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX B

Applicable:

Entire System

Page 12 of 14

Chapter:

Revision:

Original

Section: 6.1.1

Section Title: Delivery System Charges

Effective Date:

[Closing Date]

6.1.1.2.3 Transition Charge-3 Rates - Schedule TC-3

- Immediately implement other mutually suitable and agreeable arrangements with the Servicer. It is expressly understood that the Servicer's ability to agree to any other arrangements will be limited by the terms of the servicing agreement and requirements of each of the rating agencies that have rated the Transition Bonds necessary to avoid a suspension, withdrawal, or downgrade of the ratings on the Transition Bonds.
- Arrange that all amounts owed by retail customers for services rendered be timely billed and immediately paid directly into a lock-box controlled by the Servicer with such amounts to be applied first to pay Transition Charges before the remaining amounts are released to the REP. All costs associated with this mechanism will be borne solely by the REP.

If a REP that is in default fails to immediately select and implement one of the foregoing options in (a), (b), or (c) or, after so selecting one of the foregoing options, fails to adequately meet its responsibilities thereunder, then the Servicer shall immediately implement option (a). Upon re-establishment of the requirements set forth in Paragraphs 4 and 5 of the previous section, Billings by the REP or its Replacement to End-Use Customers, and Paragraph 2 of this section and the payment of all past-due amounts and associated penalties, the REP will no longer be required to comply with this subsection.

The POLR will be required to meet the minimum credit rating and/or 4. deposit/credit support requirements described in Paragraph 3 of the preceding section, Billings by the REP or its Replacement to End-Use Customers, in addition to any other standards that may be adopted by the Commission. If the POLR defaults or is not eligible to provide such services, responsibility for billing and collection of transition charges will immediately be transferred to and assumed by the Servicer until a new POLR can be named by the Commission or the customer requests the services of a certified REP. Retail customers may never be re-billed by the successor REP, the POLR, or Servicer for any amount of Transition Charges they have paid their REP (although future TC-3s shall reflect REP and other system-wide charge-offs). Additionally, if the amount of the penalty detailed in Paragraph 2 of this section is the sole remaining past-due amount after the 45th day, the REP shall not be required to comply with (a), (b), or (c) above, unless the penalty is not paid within an additional 30 calendar days.

Case No. 2023-00159 Commission Staff's Second Set of Data Request Dated August 14, 2023 Item No. 67 Attachment 4 Page 112 of 117

AEP TEXAS CENTRAL COMPANY

FINANCING ORDER APPENDIX B Page 13 of 14

Applicable: **Entire System**

6.1.1

Chapter:

Section Title: Delivery System Charges

Section:

TARIFF FOR ELECTRIC DELIVERY SERVICE

Revision: Original

Effective Date: [Closing Date]

6.1.1.2.3 Transition Charge-3 Rates - Schedule TC-3

- 5. In the event the Servicer is billing customers for Transition Charges, the Servicer shall have the right to terminate transmission and distribution service for nonpayment by end-use customers pursuant to the Commission's rules.
- 6. Notwithstanding Paragraph 2 of this section, the REPs will be allowed to hold back an allowance for charge-offs in their payments to the Servicer. Such chargeoff rate will be recalculated each year in connection with the annual true-up procedure. In the initial year, the REPs will be allowed to remit payments based on the same system-wide charge off percentage then being used for the transition bonds issued by AEP Texas Central Transition Funding LLC under the financing order issued in Docket No. 21528 and by AEP Texas Central Transition Funding II LLC under the financing order issued in Docket No. 32475. On an annual basis in connection with the annual true-up adjustment process, the REP and the Servicer will be responsible for reconciling the amounts held back with amounts actually written off as uncollectible in accordance with the terms agreed to by the REP and the Servicer, provided that:
 - The REP's right to reconciliation for write-offs will be limited to customers whose service has been permanently terminated and whose entire accounts (i.e., all amounts due the REP for its own account as well as the portion representing Transition Charges) have been written off.
 - The REP's recourse will be limited to a credit against future TC-3 payments unless the REP and the Servicer agree to alternative arrangements, but in no event will the REP have recourse to the SPE or its funds for such payments.
 - The REP shall provide information on a timely basis to the Servicer so that the Servicer can include the REP's default experience and any subsequent credits into its calculation of the Adjusted TC-3 Rates for the next TC-3 billing period and the REP's rights to credits will not take effect until after such Adjusted TC-3 Rates have been implemented.
- 7. In the event that a REP disputes any amount of billed Transition Charges, the REP shall pay the disputed amount under protest according to the timelines detailed in Paragraph 2 of this section. The REP and Servicer shall first attempt to informally resolve the dispute, but if failing to do so within 30 calendar days, either party may file a complaint with the Commission. If the REP is successful in the dispute process (informal or formal), the REP shall be entitled to interest on the disputed amount paid to the Servicer at the Commission-approved interest rate. Disputes about the date of receipt of Transition Charge payments (and

FINANCING ORDER

Applicable:

Entire System

APPENDIX B Page 14 of 14

Chapter:

6.1.1

Section: Section Title: Delivery System Charges

TARIFF FOR ELECTRIC DELIVERY SERVICE

Revision:

Original

Effective Date:

[Closing Date]

6.1.1.2.3 Transition Charge-3 Rates - Schedule TC-3

penalties arising thereof) will be handled in a like manner. Any interest paid by the Servicer on disputed amounts shall not be recovered through Transition Charges if it is determined that the Servicer's claim to the funds is clearly unfounded. No interest shall be paid by the Servicer if it is determined that the Servicer has received inaccurate metering data from another entity providing competitive metering services pursuant to PURA § 39.107.

8. If the Servicer is providing the metering, the metering data will be provided to the REP at the same time as the billing. If the Servicer is not providing the metering, the entity providing metering service(s) will be responsible for complying with Commission rules and ensuring that the Servicer and the REP receive timely and accurate metering data in order for the Servicer to meet its obligations under the Servicing Agreement and the Financing Order with respect to billing and true-ups.

OTHER TERMS AND CONDITIONS

If the customer, REP, or other entity which, under the terms of the Financing Order or PURA, may be obligated to pay or collect the TC-3s pays only a portion of its bill, a pro-rata share amount of Transition Charge revenues shall be deemed to be collected. In the event of any such shortfall, the amount paid shall first be apportioned between the transition charges and other fees and charges owed to the Company or any successor, other than late fees, ratably based on the amount owed for Transition Charges and the amount owed for other fees and charges (including transition charges owed for transition bonds issued by AEP Texas Central Transition Funding LLC in February 2002 pursuant to the financing order issued by the Commission in Docket No. 21528 and by AEP Texas Central Transition Funding II LLC in October 2006 pursuant to the financing order issued by the Commission in Docket No. 32475), and second, any remaining portion of such payment shall be allocated to late fees.

At least once each year, (i) the Company shall cause to be prepared and delivered to REPs and such customers a notice stating, in effect, that the Transition Property and the Transition Charges are owned by the SPE and not the Company; and (ii) each REP which bills Transition Charges shall cause to be prepared and delivered to such customers a notice stating, in effect, that the Transition Property and the Transition Charges are owned by the SPE and not the REP or the Company. Such notice shall be included either as an insert to or in the text of the bills delivered to such REPs or customers, as applicable, or shall be delivered to customers by electronic means or such other means as the Servicer or the REP may from time to time use to communicate with their respective customers.

Case No. 2023-00159 Commission Staff's Second Set of Data Request Dated August 14, 2023 Item No. 67 Attachment 4 Page 114 of 117

AEP TEXAS CENTRAL COMPANY

FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX B Page 1 of 2

Applicable:

Entire System

Original

Chapter:

Section: 6.1.1 Section Title: Delivery System Charges

Revision:

Effective Date: Bills Rendered on or after [Closing Date]

Initial / Adjusted Transition Charge-3 Rates - Rider TC-3 6.1.1.2.3.1

AVAILABILITY

This schedule is applicable to billed energy consumption and demands of retail customers taking service from the Company during the term that this schedule is in effect, and to the facilities, premises, and loads of all other retail customers obligated to pay TC-3 Charges as provided in Schedule TC-3, Section 6.1.1.2.3. Terms defined in Schedule TC-3 that are used herein shall have the same meaning as set forth in Schedule TC-3.

RATE CLASSES

For purposes of billing Initial/Adjusted Transition Charge-3 Rates (TC-3 Rates), each retail enduse customer will be designated as a customer belonging to one of eight classes as identified and defined by Schedule TC-3.

TRANSITION CHARGE-3 RATES

The Initial/Adjusted TC-3 Rates shall be determined in accordance with and are subject to the provisions set forth in the Financing Order and Schedule TC-3. Not less than 15 days prior to the first billing cycle for the Company's [March 2013] billing month and no less frequently than annually thereafter, the Company or successor Servicer will file a revision to Rider TC-3 setting forth the Adjusted TC-3 Rates to be effective for the upcoming period. If made as a result of the annual true-up adjustment in Schedule TC-3, the Adjusted TC-3 Rates will become effective on the first billing cycle of the Company's [March] billing month. In accordance with Schedule TC-3 an interim true-up is mandatory semi-annually (or quarterly after the last scheduled maturity date of the Transition Bonds) if the Servicer forecasts that transition charge collections will be insufficient to make all scheduled payments of principal, interest and other amounts in respect of the Transition Bonds on a timely basis during the current or next succeeding payment period and/or or to replenish any draws upon the capital subaccount. Optional interim true-ups may also be made at any time as described in Schedule TC-3. If an interim true-up adjustment is made pursuant to Schedule TC-3, the Adjusted TC-3 Rates will be become effective on the first billing cycle of the Company's billing month that is not less than 15 days following the making of the interim true-up adjustment filing. If a Non-Standard True-Up filing pursuant to Schedule TC-3 is made to revise the Rider TC-3, the filing will be made at least 90 days prior to the first billing cycle for the Company's [March] billing month.

Case No. 2023-00159 Commission Staff's Second Set of Data Request Dated August 14, 2023 Attachment 4 Page 115 of 117

AEP TEXAS CENTRAL COMPANY

FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX B

Applicable:

Entire System

Page 2 of 2

Chapter:

Section: 6.1.1

Section Title: Delivery System Charges

Original Revision:

Effective Date:

Bills Rendered on or after [Closing Date]

6.1.1.2.3.1 Initial / Adjusted Transition Charge-3 Rates - Rider TC-3

Transition Charge-3 Customer Class	Initial/Adjusted TC-3 Rates
Residential	\$ [] per kWh
Commercial and Small Industrial – Energy	\$ per kWh
Commercial and Small Industrial - Demand	\$ [] per kW or kVa
Large Industrial – Firm	\$ [] per kW or kVa
Large Industrial – Non-Firm	\$ [] per kW or kVa
Standby – Firm	\$ [] per Daily kW or kVa
Standby – Non-Firm	\$ [] per Daily kW or kVa
Municipal and Cotton Gin	\$ [] per kWh

The Initial/Adjusted TC-3 Rates are multiplied by the kWh or kVa, as applicable, read, estimated or determined during the billing month and will be applied to bills rendered on and after the effective date.

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 116 of 117

FINANCING ORDER APPENDIX C

AEP Texas Central Company

Projected Ongoing Qualified Costs

	Total Securitizable Amount	\$ 800,000,000	(per Stroulation
(A) (B)	(C)	(D)

	Estimated Ongoing Costs					
No.	Description		Annual	S	Semi-Annual	
1	Ongoing Servicer Fee (Third Party as Servicer) (0.60% of principal amount)		4,800,000	\$	2,400,000	
2	Ongoing Servicer Fee (TCC as Servicer) (0.05% of principal amount) Administration Fee*	\$	400,000	\$	200,000	
4	Accountants' Fee*		100,000		50,000	
5	Lead Underwriter Ongoing Administration Fees*		85,000 1,000		42,500	
6	Legal Fees/Expenses for Company's/Issuer's Counsei*		55,000		27,500	
7	Trustee's/Trustee's Counsel Fees and Expenses*		10,000		5,000	
8 9	Independent Managers' Fees*		5,000		2,500	
9 10	Rating Agency Fees*		45,000		22,500	
11	Printing/EDGARization Expenses* Miscellaneous*		20,000		10,000	
	Miscenaneous.		77,500		38,750	
12	TOTAL (TCC as Servicer)	\$	798,500	\$	399,250	
13	Total (Third Party as Servicer)	<u>\$</u>	5,198,500	\$	2,599,250	

^{*} Fees and expenses also applicable to third party servicer

Case No. 2023-00159
Commission Staff's Second Set of Data Request
Dated August 14, 2023
Item No. 67
Attachment 4
Page 117 of 117

FINANCING ORDER APPENDIX D

AEP TEXAS CENTRAL COMPANY

Threshold Billing Determinants for Determining the Non-Standard True-up

Calculation of Non-Standard True-up Threshold

	(1) 12 Months Ended 3/31/11 TC Billing		(2) Non-Standard True-up Threshold	
Transition Charge - 3 Classes	Units		(90% of Column (1))	
Residential	8,814,908,553	kWh	7,933,417,698	kWh
Commercial and Small Industrial - Energy	2,223,544,700	kWh	2,001,190,230	kWh
Commercial and Small Industrial - Demand	22,539,374	kW	20,285,437	kW
Large Industrial - Firm	3,090,478	kW	2,781,430	kW
Large Industrial – Non-firm	2,724,396	kW	2,451,956	kW
Standby Firm	14,741,227	kW	13,267,104	kW
Standby Non-Firm	2,588,848	kW	2,329,963	kW
Municipal and Cotton Gin	442,894,798	kWh	398,605,318	kWh

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 1 of 151



Control Number: 32475



Item Number: 250

Addendum StartPage: 0

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 2 of 151

DOCKET NO. 32475

APPLICATION OF AEP TEXAS	§	PUBLIC UTILITY COMM	ISSION
CENTRAL COMPANY FOR A	§ ·		• .
FINANCING ORDER	§	OF TEXAS	.*

FINANCING ORDER

TABLE OF CONTENTS

II. DESC	RIPTION OF PROPOSED TRANSACTION	12
III. FIND	INGS OF FACT	17
A. IDE	NTIFICATION AND PROCEDURE	17
1.	Identification of Applicant and Application	
2.	Procedural History	
<i>3</i> .	Notice of Application	
B. Qu	ALIFIED COSTS AND AMOUNT TO BE SECURITIZED	
Ĩ.	Identification and Amounts	
2.	Carrying Cost Included in the Securitized Amount	
3.	Balance to be Securitized	
4.	Issuance Advice Letter	
5.	Tangible and Quantifiable Benefit	27
6.	Present Value Cap	28
· 7.	Total Amount of Revenue to be Recovered	
C. STR	UCTURE OF THE PROPOSED SECURITIZATION	30
1.	BondCo	30
2.	Credit Enhancement and Arrangements to Reduce Interest Rate Risk or Enhance Marketability	
<i>3</i> .	Transition Property	<i>33</i>
4.	Servicer and the Servicing Agreement	<i>33</i>
<i>5</i> .	Retail Electric Providers	36
6.	Transition Bonds	43
7.	Security for Transition Bonds	
8.	General Provisions	
9.	Transition Charges—Imposition and Collection, Nonbypassability, and Self-Generation	
10.	Allocation of Qualified Costs Among Texas Retail Consumers	
11.	True-Up of Transition Charges	53
12.	Interim True-Up	
<i>13</i> .	Non-Standard True-Up	
14.	Additional True-Up Provisions	57
<i>15</i> .	Designated Representative or Financial Advisor	
16.	Lowest Transition Bond Charges	59
D. Use	OF PROCEEDS	62
IV CON	CLUSIONS OF LAW	4 2
IV. CON	CLUSIONS OF LAW	02
V ODDE	RING PARAGRAPHS	71



B. Transition C. Transition D. Servicing E. Retail Elec	CHARGES	74 76 80
G. USE OF PROC	CEEDS	85
Appendix A	Settlement Agreement (excluding Attachment A)	
Appendix B	Form of Issuance Advice Letter	
Appendix C	Form of Tariff (Schedule TC-2 and Rider TC-2)	
Appendix D	Up-front Qualified Costs and Ongoing Qualified Costs	
Appendix E	Billing Thresholds to Determine Whether a Non-Standard True-up is Trigge	ered

DOCKET NO. 32475

APPLICATION OF AEP TEXAS CENTRAL COMPANY FOR A

PUBLIC UTILITY COMMISSION

§ §

FINANCING ORDER

OF TEXAS

FINANCING ORDER

This Financing Order addresses the application of AEP Texas Central Company ("TCC") under Subchapter G of Chapter 39 of the Public Utility Regulatory Act ("PURA"): (1) to securitize the sum of: stranded costs as determined by the Commission in Docket No. 31056,² regulatory assets not previously securitized, carrying costs as applicable on the stranded costs through the issuance of the transition bonds, and other qualified costs; (2) for approval of the proposed securitization financing structure and issuance of transition bonds; (3) for approval of transition charges sufficient to recover qualified costs; and (4) for approval of a tariff to implement the transition charges.

On May 22, 2006, certain parties to this proceeding filed a Settlement Agreement ("Settlement") which resolved all issues in this docket other than: (1) the treatment of accumulated deferred federal income taxes ("ADFIT") benefits either as a reduction to the costs to be recovered through a competition transition charge ("CTC") or as a reduction of the securitized amount to be recovered through a transition charge ("TC"); (2) the treatment of excess deferred federal income taxes ("EDFIT") and accumulated deferred investment tax credits ("ADITC") either as a reduction to the costs to be recovered through a CTC or as a reduction to the securitized amount to be recovered through a TC; and (3) all issues related to the quantification of the ADFIT benefits which the settling parties agreed were to be severed and decided by the Commission in a

TEX. UTIL. CODE ANN. §§ 11.001-64.158 (Vernon 1998 & Supp. 2005).

Application of AEP Texas Central Company and CPL Retail Energy, LP to Determine True-Up Balances Pursuant to PURA § 39.262 and Petition to Determine Amount of Excess Mitigation Credits to be Refunded and Recovered, Docket No. 31056, Order on Rehearing (April 4, 2006).

Docket No. 32475 Financing Order Page 2 of 88

separate order. No party opposed the Settlement, which is attached to this Financing Order as Attachment A. In the Settlement, the settling parties proposed a "paper hearing" for the three unresolved issues in which evidence was introduced, cross-examination was waived, and the unresolved issues were briefed. In accordance with the Settlement, the Commission has severed the issues related to the quantification of the ADFIT benefits and has decided those issues in a separate order.

As discussed in this Financing Order, the Commission finds that TCC's application for approval of the securitization transaction should be approved as revised to reflect the Settlement. The Commission also finds that the securitization approved in this Financing Order meets all applicable requirements of PURA. Accordingly, in accordance with the terms of this Financing Order, the Commission: (1) approves the securitization requested by TCC; (2) authorizes the issuance of transition bonds in one or more series in an aggregate principal amount not to exceed the sum of (a) \$1,696,620,385 (which includes carrying costs through the projected issuance date of the transition bonds of September 1, 2006, and the interest differential reduction calculated in TCC's pleading filed on May 4, 2006), plus (b) up-front qualified costs, plus or minus (c) carrying costs for the number of days, as applicable, either greater than or less than assumed in the calculation based on the projected issuance date for the transition bonds of September 1, 2006; (2) approves the structure of the proposed securitization financing; (3) approves transition charges in an amount to be calculated as provided in this Financing Order; (4) approves the form of tariff, as provided in this Financing Order, to implement those transition charges; and (5) finds that the potential benefits of an interest-rate swap will not outweigh the costs of preparing a swap and the risks to customers, will not result in the lowest transition bonds charges, and that an interest-rate swap should not occur with the transition bonds.

In the issuance advice letter discussed herein, TCC shall update the amount of the up-front qualified costs to reflect the actual issuance date of the transition bonds and other relevant current information in accordance with the terms of this Financing Order. In addition, if the transition bonds are issued on a date other than September 1, 2006, TCC shall include in the issuance advice letter a revision to the carrying costs to account for the difference in the number of days either less than or greater than assumed in the



Docket No. 32475

Financing Order

Page 3 of 88

calculation based on the projected issuance for the transition bonds of **September 1, 2006**, and the amount securitized shall be adjusted upwards or downwards, as **applicable**, based on such difference. TCC is authorized to issue transition bonds to securitize the updated aggregate principal amount reflected in the issuance advice letter in accordance with the terms of this Financing Order.

TCC submitted evidence demonstrating that the proposed securitization met each of the several financial tests set forth by Subchapter G of PURA Chapter 39 by varying degrees. All of the calculations performed by TCC demonstrated that the transaction would pass these tests by a significant margin. Considering the magnitude of the margin by which the proposed securitization passes the various tests, the Commission declines to determine a particular number for each benefit conferred by the securitization. Accordingly, in quantifying the benefit to ratepayers as a result of this securitization, the Commission refers to the ranges of benefits calculated under TCC's expected case scenario, in which the transition bonds bear a 5.218% weighted-average annual interest rate, and a worst-case scenario, in which the bonds are subject to an 8.00% weighted-average annual interest rate.

As a result of the securitization approved by this Financing Order, consumers in TCC's service area will realize benefits. Based on the amount that TCC initially sought to securitize, TCC's financial analysis indicated that consumers will realize benefits estimated to be \$365 million on a present value basis in the worst case scenario.³ At the expected weighted-average interest rate, securitization confers benefits of \$710 million on a present-value basis.⁴ In addition, under the worst-case scenario, securitization of the amount TCC initially sought to securitize will result in a reduction in the amount of revenues collected by TCC of \$385 million, on a nominal basis, when compared to the amount that would have been collected under conventional financing methods.⁵ In the expected case, the securitization will result in a reduction in the amount of revenues

See Direct Testimony of Randall W. Hamlett at 25.

⁴ See id.

⁵ See id. at 21.

Docket No. 32475

Financing Order

Page 4 of 88

collected by TCC of \$966 million. While the amount authorized to be securitized by this Financing Order is different from the amount initially requested by TCC, the Commission finds that the change in such amount does not change the soundness of TCC's financial analysis or the conclusion that securitization materially benefits consumers. Accordingly, the Commission concludes that the benefits for consumers set forth in TCC's evidence are fully indicative of the benefits that consumers will realize from the securitization approved hereby. Also in the issuance advice letter, TCC will be required to update the benefit analyses to verify that the final amount securitized satisfies the statutory financial tests.

On April 4, 2006, the Commission issued an Order on Rehearing in Docket No. 31056 determining that TCC is entitled pursuant to PURA § 39.262 to recover \$912,396,171 of stranded costs and \$466,787,748 in carrying costs on the stranded costs through September 30, 2005. Pursuant to the terms of the Order on Rehearing in Docket No. 31056, that balance accrues carrying costs until it is collected. In the Docket No. 31056 Order on Rehearing, the Commission also determined that TCC has \$252,640,278 in regulatory assets that were not previously securitized. In its application filed on March 3, 2006, TCC requested authority to securitize the sum of: (a) Texas retail stranded costs in the amount of \$1,379,411,776 found recoverable by the Commission in its order in Docket No. 31056 (which included carrying costs through September 30, 2005), (b) Texas retail regulatory assets not previously securitized in the amount of \$252,600,866 as found in Docket No. 31056, (c) carrying costs on the stranded costs accrued from October 1, 2005 through the date of issuance of the transition bonds, and (d) up-front qualified costs. TCC proposed that the carrying costs amount and the up-front qualified costs be updated in the issuance advice letter prior to the issuance of the transition bonds to reflect the actual issuance date of the transition bonds and other relevant current information as permitted by the draft financing order submitted by TCC, and that TCC be authorized to securitize the updated aggregate principal amount reflected in the issuance advice letter. TCC subsequently filed Supplemental Direct Testimony revising the Docket No. 32475 Financing Order Page 5 of 88

amount sought to be securitized based on the Commission's Order on Rehearing in Docket No. 31056 issued on April 4, 2006.

TCC provided a general description of the proposed transaction structure in its application and in the testimony and exhibits submitted in support of its application. The proposed transaction structure does not contain every relevant detail and, in certain places, uses only approximations of certain costs and requirements. The final transaction structure will depend, in part, upon the requirements of the nationally-recognized credit rating agencies which will rate the transition bonds and, in part, upon the market conditions that exist at the time the transition bonds are taken to the market.

While the Commission recognizes the need for some degree of flexibility with regard to the final details of the securitization transaction approved in this Financing Order, its primary focus is upon the statutory requirements—not the least of which is to ensure that securitization results in tangible and quantifiable benefits to ratepayers—that must be met prior to issuing a financing order. The Commission must be mindful of its responsibility to shepherd the restructuring of the electric industry in Texas in a manner that ensures that a robust competitive retail market continues to exist in this state.

In view of these obligations, the Commission has established certain criteria in this Financing Order that must be met in order for the approvals and authorizations granted in this Financing Order to become effective. This Financing Order grants authority to issue transition bonds and to impose and collect transition charges only if the final structure of the securitization transaction complies in all material respects with these criteria. Finally, the authority and approval granted in this Financing Order is effective only upon TCC filing with the Commission an issuance advice letter demonstrating compliance with the provisions of this Financing Order.



Docket No. 32475

Financing Order

Page 6 of 88

I. DISCUSSION AND STATUTORY OVERVIEW

The Texas Legislature amended PURA in 1999 to provide for competition in the provision of retail electric service. To facilitate the transition to a competitive environment, electric utilities are authorized to undertake securitization financing of qualified costs. The Legislature provided this option for recovering qualified costs based on the conclusion that securitized financing will result in lower carrying costs for utility assets relative to the costs that would be incurred using conventional utility financing methods. As a precondition to the use of securitization, the Legislature required that the utility demonstrate that ratepayers would receive tangible and quantifiable benefits as a result of securitization and that this Commission make a specific finding that such benefits exist before issuing a financing order. Consequently, a basic purpose of securitized financing—the recovery of an electric utility's qualified costs—is conditioned upon the other basic purpose—providing economic benefits to consumers of electricity in this state.

To securitize an electric utility's qualified costs, the Commission may authorize the issuance of securities known as transition bonds. Transition bonds are generally defined as evidences of indebtedness or ownership that are issued under a financing order, are limited to a term of not longer than 15 years, and are secured by or payable from transition property. The net proceeds from the sale of the transition bonds must be used to reduce the amount of a utility's recoverable regulatory assets or stranded costs through the refinancing or retirement of the utility's debt or equity. If transition bonds are approved and issued, retail electric consumers must pay the principal, interest, and related charges of the transition bonds through transition charges. Transition charges are nonbypassable charges that will be paid as a component of the monthly charge for electric service. Transition charges must be approved by the Commission pursuant to a financing order. To

⁷ See Act of May 27, 1999, 76th Leg., R.S., ch. 440, 1999 TEX. GEN. LAWS 1111 (codified primarily at TEX. UTIL. CODE Chapters 39, 40, and 41).

⁸ See PURA §§ 39.201, .301-.303.

⁹ See id. § 39.302(6).

¹⁰ See id. § 39.302(7).

Page 7 of 88

Docket No. 32475 Financing Order

The Commission may adopt a financing order only if it finds that the total amount of revenues to be collected under the financing order is less than the revenue requirement that would be recovered using conventional financing methods and that the financing order is consistent with the standards of PURA § 39.301. The Commission must ensure that the net proceeds of transition bonds may be used only for the purpose of reducing the amount of recoverable costs through the refinancing or retirement of utility debt or equity. In addition, the Commission must ensure that (1) securitization provides tangible and quantifiable benefits to ratepayers greater than would have been achieved absent the issuance of the transition bonds, and (2) the structuring and pricing of the transition bonds result in the lowest transition bond charges consistent with market conditions and the terms of a financing order. Finally, the amount securitized may not exceed the present value of the revenue requirement over the life of the proposed transition bonds associated with the amounts sought to be securitized, and the present value calculation must use a discount rate equal to the proposed interest rate on the transition bonds. All of these statutory requirements go to ensure that securitization will provide real benefits to retail consumers.

The essential finding by the Commission that is needed to issue a financing order is that ratepayers will receive tangible and quantifiable benefits as a result of securitization. This finding can only be made upon a showing of economic benefits to ratepayers through an economic analysis. An economic analysis is necessary to recognize the time value of money in evaluating whether and the extent to which benefits accrue from securitization. Moreover, an economic analysis recognizes the concept that the timing of a payment can be as important as the magnitude of a payment in determining the value of the payment. Thus, an analysis showing an economic benefit is necessary to quantify a tangible benefit to ratepayers.

Economic benefits also depend upon a favorable financial market—one in which transition bonds may be sold at an interest rate lower than the carrying costs of the assets being securitized. The precise interest rate at which transition bonds can be sold in a future market, however, is not known today. Nevertheless, benefits can be calculated based upon certain known facts (e.g. the amount of assets to be securitized and the cost of the alternative to securitization) and assumptions (e.g. the interest rate of the transition



Docket No. 32475 Financing Order Page 8 of 88

bonds, the term of the transition bonds and the amount of other qualified costs). By analyzing the proposed securitization based upon those facts and assumptions, a determination can be made as to whether tangible and quantifiable benefits result. To ensure that benefits are realized, the securitization transaction must be structured in a manner consistent with the assumptions of the cost-benefit economic analysis and conform to the structure ordered by the Commission and an issuance advice letter must be presented to the Commission immediately prior to issuance of the bonds demonstrating that the actual structure and costs of the bonds will provide tangible and quantifiable benefits. The cost-benefit analysis contained in the issuance advice letter shall reflect the actual structure of the bonds.

In this proceeding, TCC's financial analysis shows that securitizing the amount initially requested by TCC will produce an economic benefit to ratepayers in an amount between \$365 million and \$710 million on a present value basis.¹¹ This benefit will result even if the bond market is unfavorable and transition bonds have to be issued at the maximum weighted-average interest rate allowed by this Financing Order. Assuming that the transition bonds are, consistent with the expected case presented by TCC subject to a 5.218% weighted-average annual interest rate (calculated using the amount initially requested to be securitized by TCC), the benefit is \$710 million on a present-value basis. 12 The economic benefit to ratepayers will be larger if a more favorable market allows the transition bonds to be issued at a lower interest rate. As previously stated, the Commission finds that the benefits for consumers set forth in TCC's evidence are fully indicative of the benefits that consumers will realize from the securitization approved hereby, notwithstanding that the amount authorized to be securitized by this Financing Order is different from the amount initially requested by TCC. Also in the issuance advice letter, TCC will be required to update the benefit analyses to verify that the final amount securitized satisfies the statutory financial tests.

To issue a financing order, PURA also requires that the Commission find that the total amount of revenues collected under the financing order will be less than would

See Direct Testimony of Randall W. Hamlett at 25.

See id.

Docket No. 32475

Financing Order

Page 9 of 88

otherwise have been collected under conventional financing methods. In this proceeding, TCC's financial analysis of the amount initially sought to be securitized using worst-case market conditions demonstrates that revenues will be reduced by \$385 million on a nominal basis under this Financing Order compared to the amount that would be recovered under conventional financing methods, assuming the bonds are issued at an 8.00% weighted-average annual interest rate. Under the expected scenario in which the bonds are issued at a 5.218% weighted-average annual interest rate, securitization saves ratepayers \$966 million in nominal revenue. If transition bonds are issued in a more favorable market, this reduction in revenues will be larger. For the reasons previously stated, the Commission finds that the foregoing benefits are indicative of the benefits to consumers of the securitization of the amount authorized hereby.

Before the transition bonds may be issued, TCC must submit to the Commission an issuance advice letter in which it demonstrates, based upon the actual market conditions at the time of pricing, that the proposed structure and pricing of the transition bonds will provide real economic benefits to retail consumers and comply with this Financing Order. As part of this submission, TCC must also certify to the Commission that the structure and pricing of the transition bonds results in the lowest transition bond charges consistent with market conditions at the time of pricing and the terms of this Financing Order. The form of certification that must be submitted by TCC is set out in Appendix A to this Financing Order. The Commission, by order, may stop the issuance of the transition bonds authorized by this Financing Order if TCC fails to make this demonstration or certification.

PURA requires that transition charges be charged for the use or availability of electric services to recover all qualified costs. ¹⁵ Transition charges can be recovered over a period that does not exceed 15 years. ¹⁶ The Commission concludes that this prevents the collection of transition charges from retail consumers for services rendered after the

¹³ See id. at 21.

¹⁴ See id.

¹⁵ See PURA § 39.302(7).

¹⁶ See id. § 39.303(b).

Docket No. 32475 Financing Order Page 10 of 88

15-year period but does not prohibit recovery of transition charges for service rendered during the 15-year period but not actually collected until after the 15-year period.

Transition charges will be collected by an electric utility, its successors, an assignee, or other collection agents as provided for in this Financing Order. The right to impose, collect, and receive transition charges (including all other rights of an electric utility under the financing order) are only contract rights until they are first transferred to an assignee or pledged in connection with the issuance of transition bonds. Upon the transfer or pledge of those rights, they become transition property and, as such, are afforded certain statutory protections to ensure that the charges are available for bond retirement. Is

This Financing Order contains terms, as it must, ensuring that the imposition and collection of transition charges authorized herein shall be nonbypassable.¹⁹ It also includes a mechanism requiring that transition charges be reviewed and adjusted at least annually, within 45 days of the anniversary date of the issuance of the transition bonds, to correct any overcollections or undercollections during the preceding 12 months and to ensure the expected recovery of amounts sufficient to timely provide all payments of debt service and other required amounts and charges in connection with the transition bonds.²⁰ In addition to the required annual reviews, more frequent reviews are allowed to ensure that the amount of the transition charges matches the funding requirements approved in this Financing Order. These provisions will help to ensure that the amount of transition charges paid by retail consumers does not exceed the amounts necessary to cover the costs of this securitization, and will also help to foster the development of a robust and competitive retail electric market in Texas. To encourage utilities to undertake securitization financing, other benefits and assurances are provided.

The State of Texas has pledged, for the benefit and protection of financing parties and electric utilities, that it will not take or permit any action that would impair the value

¹⁷ See id. § 39.302(7).

¹⁸ See id. § 39.304(b).

¹⁹ See id. § 39.306.

²⁰ See id. § 39.307.

Docket No. 32475

Financing Order

Page 11 of 88

of transition property, or, except for the true-up expressly allowed by law, reduce, alter, or impair the transition charges to be imposed, collected and remitted to financing parties, until the principal, interest and premium, and any other charges incurred and contracts to be performed in connection with the related transition bonds have been paid and performed in full.²¹

Transition property constitutes a present property right for purposes of contracts concerning the sale or pledge of property, and the property will continue to exist for the duration of the pledge of the State of Texas as described in the preceding paragraph. In addition, the interest of an assignee or pledgee in transition property (as well as the revenues and collections arising from the property) are not subject to setoff, counterclaim, surcharge, or defense by the electric utility or any other person or in connection with the bankruptcy of the electric utility or any other entity. Further, transactions involving the transfer and ownership of transition property and the receipt of transition charges are exempt from state and local income, sales, franchise, gross receipts, and other taxes or similar charges. The creation, granting, perfection, and enforcement of liens and security interests in transition property are governed by PURA § 39.309 and not by the Texas Business and Commerce Code.

The Commission may adopt a financing order providing for the retiring and refunding of transition bonds only upon making a finding that the future transition charges required to service the new transition bonds, including transaction costs, will be less than the future transition charges required to service the bonds being retired or refunded. TCC has not requested and this Financing Order does not grant any authority to refinance transition bonds authorized by this Financing Order. This Financing Order does not preclude TCC from filing a request for a financing order to retire or refund the

²¹ See id. § 39.310.

²² See id. § 39.304(b).

²³ See id. § 39.305.

²⁴ See id. § 39.311.

²⁵ See id. § 39.309(a).

²⁶ See id. § 39.303(g).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 15 of 151

Docket No. 32475 Financing Order Page 12 of 88

transition bonds approved in this Financing Order upon a showing that the statutory criteria in PURA § 39.303(g) are met.²⁷

To facilitate compliance and consistency with applicable statutory provisions, this Financing Order adopts the definitions in PURA § 39.302.

II. DESCRIPTION OF PROPOSED TRANSACTION

A description of the transaction proposed by TCC is contained in its application and the filing package submitted as part of the application. A brief summary of the proposed transaction is provided in this section. A more detailed description is included in Section III.C, titled "Structure of the Proposed Securitization" and in the application and filing package submitted as part of the application.

To facilitate the proposed securitization, TCC proposed that a special purpose transition funding entity ("BondCo") be created to which will be transferred the rights to impose, collect, and receive transition charges along with the other rights arising pursuant to this Financing Order. Upon transfer, these rights will become transition property as provided by PURA § 39.304. BondCo will issue transition bonds and will transfer the net proceeds from the sale of the transition bonds to TCC in consideration for the transfer of the transition property. BondCo will be organized and managed in a manner designed to achieve the objective of maintaining BondCo as a bankruptcy-remote entity that would not be affected by the bankruptcy of TCC or any other affiliates of TCC or any of their respective successors. In addition, BondCo will have two independent managers whose approval will be required for certain major actions or organizational changes by BondCo.

The transition bonds will be issued pursuant to an indenture and administered by an indenture trustee. The transition bonds will be secured by and payable solely out of the transition property created pursuant to this Financing Order and other collateral described in TCC's application. That collateral will be pledged to the indenture trustee for the benefit of the holders of the transition bonds and to secure payment of certain qualified costs.



Docket No. 32475 Financing Order Page 13 of 88

The servicer of the transition bonds will collect the transition charges and remit those amounts to the indenture trustee on behalf of BondCo. The servicer will be responsible for making any required or allowed true-ups of the transition charges. If the servicer defaults on its obligations under the servicing agreement, the indenture trustee may appoint a successor servicer. TCC will act as the initial servicer for the transition bonds.

Retail electric providers ("REPs") will be required to meet certain financial standards to collect transition charges under this Financing Order. If the REP qualifies to collect transition charges, the servicer will bill to and collect from the REP the transition charges attributable to the REP's customers. The REP in turn will bill to and collect from its retail customers the transition charges attributable to them. If any REP fails to qualify to collect transition charges or defaults in the remittance of those charges to the servicer of the transition bonds, another entity can assume responsibility for collection of the transition charges from the REP's retail customers.

Transition charges will be calculated to ensure the collection of an amount sufficient to service the principal, interest, and related charges for the transition bonds and in a manner that allocates this amount to the various classes of retail consumers as provided in PURA and Commission orders. The transition charges will be calculated pursuant to the method described in Schedule TC-2, a pro forma copy of which is contained in Appendix C. In addition to the annual true-up required by PURA § 39.307, interim true-ups may be performed as necessary to ensure that the amount collected from transition charges is sufficient to service the transition bonds. A non-standard true-up will be allowed for other circumstances as provided in this Financing Order. The methodology for making true-ups and allocation adjustments and the circumstances under which each shall be made are described in Schedule TC-2, attached to this Financing Order as Appendix C.

The Commission determines that TCC's proposed structure for the transition charges should be utilized. This structure is designed to produce essentially level residential rates over the recovery period, if the actual year-to-year changes in residential load match the changes forecast at the time the bonds are structured, and uses consistent



Docket No. 32475 Financing Order Page 14 of 88

allocation factors across rate classes, subject to modification in accordance with the trueup mechanisms adopted in this Financing Order.

In its application, filed on March 3, 2006, TCC requested authority to securitize and to cause the issuance of transition bonds in the aggregate principal amount not to exceed the sum of: (a) Texas retail stranded costs in the amount of \$1,379,411,776 found recoverable by the Commission in its order in Docket No. 31056 (which includes carrying costs through September 30, 2005), (b) Texas retail regulatory assets not previously securitized in the amount of \$252,600,866 as found in Docket No. 31056, (c) carrying costs on the stranded costs accrued from October 1, 2005 through the date of issuance of the transition bonds, and (d) up-front qualified costs. In its application, TCC provided estimates for the carrying costs and for the up-front qualified costs. TCC subsequently filed Supplemental Direct Testimony revising the amount sought to be securitized based on the Commission's Order on Rehearing in Docket No. 31056 issued on April 4, 2006.

TCC also requested the ability to perform interest-rate swaps with the transition bonds in order to potentially reduce the costs associated with the bonds. Parties in this proceeding suggested that PURA §§ 39.301 and 39.303 give the Commission the flexibility to address or not address different financial options if, based on the record evidence submitted, the Commission determined that the potential costs would outweigh the benefits.²⁸ The Commission acknowledges that interest-rate swaps have the potential to lower the transition bonds charges. However, the Commission finds that this result is not guaranteed, and an interest-rate swap may result in greater transition bonds charges.

While there may be benefits from using an interest-rate swap, TCC witness Wayne Olson states that in the current market, the costs of funds in a floating-rate tranche is one basis point (0.01%) higher than a fixed-rate tranche, as would be issued in the financing order.²⁹ In addition, Mr. Olson states that a swap could create additional risks for consumers. Because the amortization of the transition bonds is dependent on flow of

e.g.: Commission Staff's Brief at 7-9 (June 1, 2006); AEP Texas Central Company's Brief on Litigated Issues at 13-15 (June 1, 2006).

²⁹ AEP TCC Ex. 4, Direct Testimony of Wayne Olson at 19.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 18 of 151

Docket No. 32475

Financing Order

Page 15 of 88

revenues, which is affected by the weather and other variables, a swap counterparty may wish to address this risk through a balance guaranteed swap. Mr. Olson does not believe that a balance guaranteed swap would produce a lower cost that conventional fixed-rate bonds. Finally, Mr. Olson states that customers would also bear the risk that the swap counterparty would default on its obligations. The point at which an interest-rate swap is considered practical is when the bonds are issued. Therefore, the specifics of an interest-rate swap must be determined prior to the issuance of the bonds, which require a substantial investment of resources to arrange. Based on the evidence, the Commission finds that the potential benefits of an interest-rate swap would not outweigh the costs of researching and preparing the swap and the potential risks to consumers, and would not produce the lowest transition bond charges. Accordingly, the Commission prohibits the use of interest-rate swaps.

TCC's estimated amounts for up-front qualified costs and carrying costs were based on an assumed issuance date for the transition bonds of September 1, 2006. The estimated amount of carrying costs in TCC's Supplemental Direct Testimony was calculated in accordance with the Order on Rehearing in Docket No. 31056.³³ TCC proposed that these amounts be updated in the issuance advice letter to reflect the actual issuance date of the transition bonds and other relevant current information as permitted by the draft financing order submitted by TCC, and that TCC be authorized to securitize the updated aggregate principal balance reflected in the issuance advice letter.³⁴

TCC requested approval of transition charges sufficient to recover the principal and interest on the transition bonds plus ongoing qualified costs as described in Appendix D. TCC requested that the transition charges be recovered from retail customers through REPs and other entities which, under PURA and this Financing Order, are obligated to pay or collect transition charges, and that the amount of the transition charges be

³⁰ *Id.* at 21.

³¹ *Id.* at 22.

³² *Id.* at 22-23.

³³ See Supplemental Direct Testimony of Randall W. Hamlett at 4.

See Direct Testimony of Stephen Smith at 31; Direct Testimony of Randall W. Hamlett at 12-13.

Docket No. 32475

Financing Order

Page 16 of 88

calculated based upon the allocation methodology and billing determinants specified in Schedule TC-2. TCC also requested that certain standards related to the billing and collection of transition charges be applied to REPs, as specified in Schedule TC-2.

TCC requested in its application that its up-front and ongoing costs of issuing and maintaining the transition bonds be recovered through the transition charges authorized in this proceeding. TCC estimated that its up-front costs would total approximately \$23.6 million, while its ongoing costs of servicing the bonds would total approximately \$1.2 million per year for each year of the term of the bonds, if TCC is the servicer, and approximately \$11 million per year, if a substitute servicer is appointed. The change in the amount authorized to be securitized by this Financing Order from the amount initially requested by TCC results in a change in certain of the components of the upfront costs, such as the underwriters' fees, the Securities and Exchange Commission ("SEC") registration fee, and in the servicing costs as set forth on Appendix D hereto.

The Commission finds that TCC should be permitted to securitize its up-front costs of issuance in accordance with the terms of this Financing Order. As set forth in Appendix D attached to this Financing Order, certain of the up-front qualified costs should be capped. TCC may, however, seek to recover any actual costs in excess of the capped amounts, including legal fees, through a surcharge to TCC's rates for transmission and distribution service. In seeking recovery of such costs, TCC must prove that the costs were prudently incurred and reasonable and necessary.

Further, the Commission notes that the cost of retiring TCC's debt or equity using the proceeds of the transition bonds shall remain uncapped. Commission experience with these expenses indicates that they vary widely and are not entirely within the company's control.³⁶

In capping certain of TCC's up-front costs, the Commission is mindful of the fact that several of the components of these total cost balances will vary depending upon the size of the final issuance of the transition bonds. Specifically, the Commission realizes that the SEC registration fee and underwriters fees are proportional to the amount of



³⁵ See Direct Testimony of Stephen Smith at 18-19, Exh. SPS-1; Schedule 5.

See Direct Testimony of Stephen Smith at 21-23.

Docket No. 32475 Financing Order Page 17 of 88

qualified costs actually securitized. In addition, the SEC formula for calculating registration fees changes from time to time. The amount of qualified costs may change from the amount assumed for the purpose of estimating these up-front qualified costs as a consequence of a change in the size of the transition bond financing or a change to the SEC's formula for calculating the registration fee. Accordingly, in the issuance advice letter TCC should update the SEC registration fee and underwriters fees proportionately to reflect the change in the qualified costs securitized as result of a change in the size of the transition bond financing or a change in the SEC's registration fee formula. Thus, the capped up-front qualified costs are currently \$12,719,992, as reflected in Appendix D, but will be subject to updating upon review of TCC's issuance advice letter.

Likewise, TCC is authorized to recover its actual ongoing qualified costs of servicing and administration directly through the transition charges, subject to the caps on the servicing fee set forth in Appendix D to this Financing Order. The amount of ongoing costs estimated in TCC's application and as reflected in Appendix D should be updated in the issuance advice letter to reflect more current information available to TCC prior to the issuance of the transition bonds. Further, in accordance with the terms of this Financing Order and subject to the approval of the indenture trustee, the Commission will permit a successor servicer to TCC to recover a higher servicer fee if TCC ceases to service these bonds.

III. FINDINGS OF FACT

A. Identification and Procedure

1. Identification of Applicant and Application

1. AEP Texas Central Company (TCC) is a transmission and distribution utility which owns and operates for compensation an extensive transmission and distribution network to provide electric service in the portion of this state which is included in the Electric Reliability Council of Texas (ERCOT). TCC is an indirect wholly-owned subsidiary of American Electric Power Company, Inc., which, prior to February 8, 2006, was a registered public utility holding company



Docket No. 32475 Financing Order Page 18 of 88

- under the Public Utility Holding Company Act of 1935 and is now a public utility holding company under the Public Utility Holding Company Act of 2005.
- On April 29, 2005, in Docket No. 31056, TCC and CPL Retail Energy, LP jointly filed an application to determine the true-up balance TCC is entitled to recover in connection with the transition from a regulated to a competitive electricity market in ERCOT as required under PURA § 39.262. After contested hearings, in its Order on Rehearing issued on April 4, 2006, the Commission determined that TCC was entitled to recover an aggregate true-up balance of \$1,475,933,779, together with applicable carrying costs.

2. Procedural History

On March 3, 2006, TCC filed its application for a financing order under 3. Subchapter G of Chapter 39 of PURA to securitize and to cause the issuance of transition bonds in an aggregate amount not to exceed the sum of: (a) Texas retail stranded costs in the amount of \$1,379,411,776 found recoverable by the Commission in its order in Docket No. 31056 (which included carrying costs through September 30, 2005), (b) Texas retail regulatory assets not previously securitized in the amount of \$252,600,886 as found in Docket No. 31056, (c) carrying costs on the stranded costs accrued from October 1, 2005 through the date of issuance of the transition bonds, and (d) up-front qualified costs. TCC provided estimated amounts for the carrying costs amount and for the up-front qualified costs. TCC proposed that these amounts be updated in the issuance advice letter to reflect the actual issuance date of the transition bonds and other relevant current information available at that time as permitted by the draft financing order submitted by TCC, and that TCC be authorized to securitize the updated aggregate principal amount reflected in the issuance advice letter. TCC also proposed to include as qualified costs the costs of possible hedge agreements entered into under the circumstances described in the testimony accompanying the application and the costs of credit enhancements relating to marketability of the transition bonds. The application includes the exhibits, schedules, attachments, and testimony. TCC subsequently filed, on April 12, 2006, Supplemental Direct



Financing Order

Page 19 of 88

Testimony revising the amount sought to be securitized based on the Commission's Order on Rehearing in Docket No. 31056 issued on April 4, 2006.

- 4. On March 8, 2006, the administrative law judge (ALJ) of the Commission's Docket Management Division issued Order No. 1 scheduling a prehearing conference, adopting a protective order, addressing discovery deadlines and requesting the parties' comments on TCC's notice and proposed procedural schedule.
- 5. At a prehearing conference on March 14, 2006, the ALJ considered the parties' comments regarding notice and procedural schedule and admitted the following parties as intervenors: Texas Industrial Energy Consumers ("TIEC"), the State of Texas ("State"), Cities of Alamo, et al.³⁷ ("Cities"), CPL Retail Energy, LP ("CPL Retail"), Texas Cotton Ginners' Association ("TCGA"), Brownsville Public Utilities Board ("PUB"), Alliance for Retail Markets ("ARM"), and Occidental Power Marketing, LP ("Occidental").
- 6. In Order No. 2, issued on March 20, 2006, the ALJ approved TCC's notice and established the procedural schedule.
- 7. Subsequently, the ALJ granted the motions to intervene of the Office of Public Utility Counsel ("OPC"), of Alliance for Valley Healthcare ("AVH"), and of Commercial Customer Group ("CCG"), and the motion of the City of Houston for limited intervention.
- 8. On April 25, 2006, TCC filed a request for modification of the intervention deadline for certain entities as a result of TCC's delay in providing notice of its application to certain entities that Order No. 2 had indicated TCC would furnish notice of TCC's application.

³⁷ Cities of Alamo, Aransas Pass, Bayview, Bay City, Beeville, Bishop, Camp Wood, Carrizo Springs, Charlotte, Crystal City, Corpus Christi, Del Rio, Devine, Dilley, Donna, Eagle Pass, Edinburg, Edna, Ganado, George West, Goliad, Gregory, Harlingen, Indian Lake, Ingleside, Ingleside on the Bay, Jourdanton, Kingsville, Laredo, La Feria, Los Fresnos, Luling, Lyford, Lytle, McAllen, Mathis, Mercedes, Nordheim, Odem, Palmview, Palm Valley, Pharr, Pleasanton, Portland, Port Aransas, Port Lavaca, Poteet, Primera, Rancho Viejo, Raymondville, Refugio, Rio Grande City, Rio Hondo, Sabinal, San Benito, San Juan, Sinton, Smiley, South Padre Island, Taft, Uvalde, Victoria and Weslaco.

Financing Order

Page 20 of 88

- On April 28, 2006, the ALJ issued Order No. 9 setting an intervention deadline of May 8, 2006, for the entities that TCC had previously delayed providing notice.
- 10. On May 4, 2006, TCC filed a pleading with the Commission confirming TCC's agreement to a \$6.3 million reduction in the amount securitized related to the interest differential for the last 23 days prior to the issuance of the transition bonds, which agreement TCC had made at the Commission's Open Meeting of April 28, 2006.
- 11. On May 5, 2006, the ALJ granted the motions to intervene of Rio Grande Electric Cooperative, Inc. ("RGEC") and First Choice Power Special Purpose, LP ("First Choice").
- 12. On May 22, 2006, TCC, Commission Staff, OPC, Cities, TIEC, State, AVH, CCG, and TGCA filed a Settlement Agreement ("Settlement") attached to this Financing Order as Appendix A. The Settlement resolved all issues in this proceeding, except three, provided for a \$77 million reduction in the amount to be securitized, contained a commitment by the signatories that they will not appeal this Financing Order, and proposed a "paper hearing" of the three unresolved issues, in which evidence was introduced, but cross-examination was waived, and the three unresolved issues briefed. The Settlement proposed that two of the unresolved issues be decided in this Financing Order and that the remaining issue, the quantification of benefits from accumulated deferred income taxes ("ADFIT") be severed and decided by the Commission in a separate order.
- 13. In its transmittal letter filing the Settlement with the Commission, TCC stated that it was authorized to represent that PUB, ARM, CPL Retail, RGEC, First Choice, Occidental, and the City of Houston did not oppose the Settlement.
- 14. On June 7, 2006, in open meeting, the Commission deliberated on the merits of TCC's application as amended by the Settlement and rendered its final decisions, including those on the three unresolved issues in the Settlement. As contemplated by the Settlement, the Commission severed, from the issues related to the securitization approved in this Financing Order, all issues in connection with the quantification of ADFIT and decided those issues in a separate order.

Financing Order

Page 21 of 88

3. Notice of Application

- 15. Notice of TCC's application was provided through publication once a week for two consecutive weeks in newspapers having general circulation in TCC's service area, and was completed on April 2, 2006. In addition, upon the filing of its application on March 3, 2006, TCC provided notice, by furnishing a copy of its filing package to each party to Docket No. 31056.
- 16. On April 25, 2006, TCC provided individual notice: (1) to the governing bodies of all Texas incorporated municipalities that have retained original jurisdiction over TCC; (2) to all municipally owned electric utilities and electric cooperatives with multiply certificated service areas with TCC; and (3) to each retail electric provider listed on the Commission website.
- 17. Proof of publication was submitted in the form of publishers' affidavits, and verification of the mailing of individual notices to the municipalities, to the municipally owned electric utilities and electric cooperatives with multiply certificated service areas with TCC, and to the REPs, and of the furnishing of a copy of TCC's filing package on each of the parties to Docket No. 31056 was made by affidavit.

B. Qualified Costs and Amount to be Securitized

1. Identification and Amounts

18. Qualified costs are defined in PURA to include 100% of an electric utility's regulatory assets and 75% of its recoverable costs determined by the Commission under PURA § 39.201 and any remaining stranded costs determined under PURA § 39.262 together with the costs of issuing, supporting, and servicing transition bonds and any costs of retiring and refunding the electric utility's existing debt and equity securities in connection with the issuance of transition bonds. Qualified costs also include the costs to the Commission of acquiring professional services for the purpose of evaluating proposed securitization transactions. 38





Financing Order

Page 22 of 88

- 19. Regulatory assets are defined to include only the generation-related portion of the Texas portion of the amount reported by an electric utility in its 1998 annual report to the Securities and Exchange Commission ("SEC") on Form 10-K as regulatory assets and liabilities, offset by the applicable portion of generation-related investment tax credits permitted under the Internal Revenue Code of 1986.³⁹ Pursuant to the financing order in Docket No. 21528,⁴⁰ TCC (then known as Central Power and Light Company) was authorized to and did securitize certain of its regulatory assets and retained the right to request authority to securitize certain additional regulatory assets. In its Order in Docket No. 31056, the Commission quantified an additional \$252,640,278 in regulatory assets that had not been previously securitized.
- 20. Other qualified costs include the costs of issuing, supporting, and servicing the transition bonds and any transaction costs associated with retiring and refunding existing debt and equity securities with the proceeds from the transition bonds,⁴¹ provided, however, to the extent the proceeds of transition bonds are used to retire or refund any debt owned by TCC to an affiliate or any equity held by an affiliate, any transaction costs associated with retiring or refunding such affiliate debt or equity shall not be included in other qualified costs. The actual costs of issuing and supporting the transition bonds will not be known until the transition bonds are issued, and certain ongoing costs relating to the transition bonds may not be known until such costs are incurred. This Financing Order contains an estimate of the amount of these costs as shown in Appendix D and provides for recovery of the actual amounts subject to caps on certain of the up-front costs. The magnitude of two of the components of the capped up-front costs—the SEC filing fee and the underwriter fee-is directly related to the size of the bond The Commission estimates the total cost of these two items in Appendix D to this Financing Order; these items shall be updated, to the extent

³⁹ See PURA §39.302(5).

Application of Central Power and Light Company for Financing Order to Securitize Regulatory Assets and Other Qualified Costs, Docket No. 21528, Financing Order (March 27, 2000).

⁴¹ See PURA § 39.302(4).

Financing Order

Page 23 of 88

they deviate from this estimate, in the issuance advice letter. The actual amount of debt and equity securities to be retired and refunded will be affected by the timing of issuance of the transition bonds and market conditions at the time such securities are retired or refunded. As a result, the actual cost of retiring and refunding debt and equity securities in connection with the issuance of transition bonds will not be known until such securities are retired and such refunding is complete. Similarly, the need for and the costs of any credit enhancement and of any hedges that may be entered into in connection with the issuance of transition bonds and underwriting costs will not be known until the time the transition bonds are priced. There also is no way to estimate the original issue discount, if any, which under market conditions existing at the time of issuance may be necessary or appropriate. The underwriting costs, and the cost of credit enhancement and hedges, and original issue discount will be fully reflected in the issuance advice letter.

2. Carrying Cost Included in the Securitized Amount

- 21. TCC's application sought to securitize carrying costs on the company's stranded costs accrued since September 30, 2005 (the date that such carrying costs was calculated in the order in Docket No. 31056) through the date of issuance of the transition bonds.
- 22. The Order in Docket No. 31056 recognized that the effect of the Supreme Court of Texas' decision in *CenterPoint Energy, Inc. v. Pub. Util. Comm'n of Texas*, 143 S.W.3d 81 (Tex. 2004), was that TCC should be allowed to recover carrying costs on its stranded costs starting on January 1, 2002. P.U.C. SUBST. R. 25.263(1)(3) provides that the true-up balance, which includes certain regulatory assets, bears carrying costs from the date of the order until recovered.
- 23. The Commission determined in Docket No. 31056 that TCC's stranded costs are subject from January 1, 2002 to an 11.7951% carrying costs rate, which is TCC's pre-tax weighted average cost of capital from Docket No. 22352, its UCOS case.

Docket No. 32475 Financing Order Page 24 of 88

24. The balance to be securitized properly includes carrying costs on stranded costs accrued since September 30, 2005 through the date of issuance of the transition bonds. In its testimony, exhibits, and schedules, TCC properly calculated the amounts of carrying costs in accordance with the order in Docket No. 31056, based on an assumed date for issuance of the transition bonds of September 1, 2006. The amount authorized to be securitized by this Financing Order reflects the \$6.3 million interest rate differential reduction calculated by TCC in its pleading to the Commission of May 4, 2006. In the issuance advice letter, TCC should update the amount of carrying costs to reflect the actual date of issuance of the transition bonds, if it differs from the projected issuance date of September 1, 2006.

3. Balance to be Securitized

25. TCC should be authorized to cause transition bonds to be issued in an aggregate principal amount not to exceed: the sum of: (a) \$1,696,620,385 (which includes carrying costs through the projected issuance date of the transition bonds of September 1, 2006, and the interest differential reduction calculated in TCC's pleading filed on May 4, 2006), plus (b) up-front qualified costs, plus or minus (c) carrying costs for the number of days, as applicable, either greater than or less than assumed in the calculation based on the projected issuance date for the transition bonds of September 1, 2006. In the issuance advice letter, TCC should update the amounts for the up-front qualified costs to reflect the actual issuance date of the transition bonds and other relevant current information in accordance with the terms of this Financing Order. In addition, if the transition bonds are actually issued on a date other than September 1, 2006, TCC shall include in the issuance advice letter a revision to the carrying cost calculation to account for the difference in the number of days either less than or greater than assumed in the calculation based on the projected issuance date of September 1, 2006, and the securitized amount shall be adjusted upwards or downwards, as applicable, based on such difference. TCC should be authorized to securitize the updated aggregate principal amount reflected in the issuance advice letter. TCC should be

Docket No. 32475 Financing Order Page 25 of 88

authorized to recover the remaining qualified costs, composed of the ongoing support and servicing costs directly through transition charges, subject to the caps on the servicing fees set forth in Appendix D to this Financing Order.

26. The proposed recovery of the sum described in Finding of Fact No. 25 through issuance of transition bonds as provided in this Financing Order should be approved because ratepayers will receive tangible and quantifiable benefits as a result of the securitization.

4. Issuance Advice Letter

27. Because the actual structure and pricing of the transition bonds and the precise amounts of up-front costs and expenses will not be known at the time this Financing Order is issued, following determination of the final terms of the transition bonds and prior to issuance of the transition bonds, TCC will file with the Commission for each series of transition bonds issued, and no later than twenty-four hours after the pricing of that series of transition bonds, an issuance advice letter. The issuance advice letter will include TCC's best estimate of total up-front qualified costs. The estimated total up-front qualified costs in the issuance advice letter may be included in the principal amount securitized, subject to the caps on certain costs set forth in Appendix D and as adjusted as provided by this Financing Order. Within 60 days of issuance of the transition bonds, TCC shall submit to the Commission a final accounting of the total up-front qualified costs. If the actual up-front qualified costs are less than the up-front qualified costs included in the principal amount securitized, the periodic billing requirement for the first annual true-up adjustment shall be reduced by the amount of such unused funds (together with interest earned thereon through investment by the trustee in eligible investments) and such unused funds (together with interest earned thereon through investment by the trustee in eligible investments) shall be available for payment of debt service on the bond payment date next succeeding such true-up adjustment. If the actual up-front qualified costs are more than the up-front qualified costs included in the principal amount securitized, TCC may request recovery of the remaining up-front qualified costs through a surcharge to



Docket No. 32475 Financing Order Page 26 of 88

TCC's rates for transmission and distribution service. In seeking to recover such additional costs, TCC should be required to prove that the costs were prudently incurred, and reasonable and necessary. The excess or deficiency shall bear interest from the date of issuance of the transition bonds through the date the amounts are refunded or recovered, at the interest rate(s) applicable to refunds under the Commission's rules. The issuance advice letter will be completed to report the actual dollar amount of the initial transition charges and other information specific to the transition bonds to be issued. All amounts that require computation will be computed using the mathematical formulas contained in the form of the issuance advice letter in Appendix B to this Financing Order and Schedule TC-2. The initial transition charges and the final terms of the transition bonds set forth in the issuance advice letter shall become effective on the date of issuance of the transition bonds unless prior to noon on the fourth business day after pricing the Commission issues an order finding that the proposed issuance does not comply with the requirements of PURA and this Financing Order.

- 28. TCC will submit a draft issuance advice letter to the Commission Staff for review not later than two weeks prior to the expected date of pricing the transition bonds. Within one week after receipt of the draft issuance advice letter, Commission Staff will provide TCC comments and recommendations regarding the adequacy of the information provided.
- 29. The issuance advice letter shall be submitted to the Commission within 24 hours after the pricing of the transition bonds. Commission Staff may request such revisions of the issuance advice letter as may be necessary to assure the accuracy of the calculations and that the requirements of PURA and of this Financing Order have been met. The initial transition charges and the final terms of the transition bonds set forth in the issuance advice letter shall become effective on the date of issuance of the transition bonds (which shall not occur prior to the fifth business day after pricing) unless prior to noon on the fourth business day after pricing the Commission issues an order finding that the proposed issuance does not comply with the requirements of PURA and the Financing Order.



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 30 of 151

Docket No. 32475

Financing Order

Page 27 of 88

- 30. The completion and filing of an issuance advice letter in the form of the issuance advice letter attached as Appendix B, including the certification from TCC discussed in Finding of Fact No. 109, is necessary to ensure that any securitization actually undertaken by TCC complies with the terms of this Financing Order.
- 31. The certification statement contained in TCC's certification letter shall be worded precisely as the statement in the form of the issuance advice letter approved by the Commission. Other aspects of the certification letter may be modified to describe the particulars of the transition bonds facts and the actions that were taken during the transaction.

5. Tangible and Quantifiable Benefit

- 32. The statutory requirement in PURA § 39.301 that directs the Commission to ensure that securitization provides tangible and quantifiable benefits to ratepayers greater than would be achieved absent the issuance of transition bonds can only be determined using an economic analysis to account for the time value of money. An analysis that compares in the aggregate over a 14-year period the present value of the revenue requirement associated with recovery of the balance requested to be securitized by TCC through a competition transition charge, which is the method that would be used to recover any portion of the balance not securitized and is reflective of conventional utility financing, with the present value of the revenue required under securitization is an appropriate economic analysis to demonstrate whether securitization provides economic benefits to ratepayers. The benefits for consumers set forth in TCC's evidence are fully indicative of the benefits that consumers will realize from the securitization approved hereby, notwithstanding that the amount authorized to be securitized herein is different from the amount initially sought by TCC. Also in the issuance advice letter, TCC will be required to update the benefit analyses to verify that the final amount securitized satisfies the statutory financial tests.
- 33. The financial analysis presented by TCC indicates that securitization financing of the balance requested to be securitized by TCC is expected to result in \$365



Financing Order

Page 28 of 88

million of tangible and quantifiable economic benefits to ratepayers on a present-value basis if the transition bonds are issued at the maximum weighted-average annual interest rate of 8.00% allowed by this Financing Order. Using the projected weighted-average annual interest rate for the transition bonds of 5.218%, the benefits would be even larger, or \$710 million. The actual benefit to ratepayers will depend upon market conditions at the time the transition bonds are issued and the amount actually securitized. This range of quantifications uses a maximum expected life of 14 years and reflects the present value of estimated upfront and ongoing qualified costs. The benefits for consumers set forth in TCC's evidence are fully indicative of the benefits that consumers will realize from the securitization approved hereby, notwithstanding that the amount authorized to be securitized herein is different from the amount initially sought by TCC. Also in the issuance advice letter, TCC will be required to update the benefit analyses to verify that the final amount securitized satisfies the statutory financial tests.

6. Present Value Cap

34. The amount securitized may not exceed the present value of the revenue requirement over the life of the proposed transition bonds associated with conventional (i.e., non-securitized) recovery of the authorized amounts where the present value analysis uses a discount rate equal to the proposed interest rate on the transition bonds. The analysis presented by TCC to calculate economic benefits also demonstrates that the amount TCC seeks to securitize does not exceed the present value of the revenue requirement associated with the securitized amount over the maximum expected 14-year life of the transition bonds. That present value (calculated using the maximum weighted-average annual interest rate of 8.00%) is \$1.503 billion. Using the projected weighted-average annual interest rate of 5.218%, the present value of the amount TCC seeks to securitize is \$1.504 billion. These amounts compare to present value revenue requirements under conventional recovery of \$1.868 billion and \$2.214 billion in the worst case and expected cases, respectively. The benefits for

² See PURA § 39.301.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 32 of 151

Docket No. 32475

Financing Order

Page 29 of 88

consumers set forth in TCC's evidence are fully indicative of the benefits that consumers will realize from the securitization approved hereby, notwithstanding that the amount authorized to be securitized herein is different from the amount initially sought by TCC. Also in the issuance advice letter, TCC will be required to update the benefit analyses to verify that the final amount securitized satisfies the statutory financial tests.

35. The amount of qualified costs to be securitized does not exceed the present value of the revenue requirement over the maximum expected 14-year life of the transition bonds associated with the amount approved to be securitized in this Financing Order. The present value analysis uses a discount rate equal to the maximum allowed weighted average interest rate on the transition bonds on an annual basis.

7. Total Amount of Revenue to be Recovered

36. The Commission is required to find that the total amount of revenues to be collected under this Financing Order will be less than the revenue requirement that would be recovered over the remaining life of the amounts that are securitized under this Financing Order, using conventional financing methods.⁴³ The appropriate conventional financing method with which to make this comparison is the recovery of the amount through competition transition charges determined under PURA § 39.201. Under the worst-case scenario in which the bonds bear an 8.00% weighted-average annual interest rate, TCC financial analysis indicates that the total amount of revenues to be collected under this Financing Order is expected to be \$385 million less than the revenue requirement that would be recovered using conventional utility financing methods over the period under which they would be recovered through a competition transition charge. Using the expected weighted-average annual interest rate of 5.218%, the benefits of securitization would be even larger, or approximately \$966 million. The benefits for consumers set forth in TCC's evidence are fully indicative of the benefits that consumers will realize from the securitization approved hereby,



Docket No. 32475 Financing Order Page 30 of 88

notwithstanding that the amount authorized to be securitized herein is different from the amount initially sought by TCC. Also in the issuance advice letter, TCC will be required to update the benefit analyses to verify that the final amount securitized satisfies the statutory financial tests.

C. Structure of the Proposed Securitization

1. BondCo

37. For purposes of this securitization, TCC will create BondCo, a special purpose transition funding entity which will be a Delaware limited liability company with TCC as its sole member. BondCo will be formed for the limited purpose of acquiring transition property (including any transition property authorized by the Commission in a subsequent financing order), issuing transition bonds in one or more series and in one or more tranches for each series (which could include transition bonds authorized by the Commission in a subsequent financing order), and performing other activities relating thereto or otherwise authorized by this Financing Order. BondCo will not be permitted to engage in any other activities and will have no assets other than transition property and related assets to support its obligations under the transition bonds. Obligations relating to the transition bonds will be BondCo's only significant liabilities. These restrictions on the activities of BondCo and restrictions on the ability of TCC to take action on BondCo's behalf are imposed to achieve the objective of ensuring that BondCo will be bankruptcy remote and not affected by a bankruptcy of TCC. BondCo will be managed by a board of managers with rights and duties similar to those of a board of directors of a corporation. As long as the transition bonds remain outstanding, BondCo will have two independent managers with no organizational affiliation with TCC other than acting as independent managers for any other bankruptcy-remote subsidiary of TCC or its affiliates, including AEP Texas Central Transition Funding, LLC, the issuer of the transition bonds approved in Docket No. 21528. BondCo will not be permitted to amend the provisions of the organizational documents that ensure bankruptcy-remoteness of BondCo without

Financing Order

Page 31 of 88

the consent of the independent managers. Similarly, BondCo will not be permitted to institute bankruptcy or insolvency proceedings or to consent to the institution of bankruptcy or insolvency proceedings against it, or to dissolve, liquidate, consolidate, convert, or merge without the consent of the independent managers. Other restrictions to ensure bankruptcy-remoteness may also be included in the organizational documents of BondCo as required by the rating agencies. TCC may create more than one BondCo, in which event the rights, structure and restrictions described in this Financing Order with respect to BondCo would be applicable to each such issuer of transition property to the extent of the transition property sold to it and the transition bonds issued by it.

- 38. The initial capital of BondCo is expected to be not less than 0.5% of the original principal amount of each series of transition bonds issued by BondCo. Adequate funding of BondCo will minimize the possibility that TCC would have to extend funds to BondCo in a manner that could jeopardize the bankruptcy remoteness of BondCo. A sufficient level of capital is necessary to minimize this risk and, therefore, assist in achieving the lowest transition-bond charges possible.
- 39. BondCo will issue transition bonds in one or more series, and in one or more tranches for each series, in an aggregate amount not to exceed the principal amount approved by this Financing Order and will pledge to the indenture trustee, as collateral for payment of the transition bonds, the transition property, including BondCo's right to receive the transition charges as and when collected, and certain other collateral described in TCC's application.
- 40. Concurrent with the issuance of any of the transition bonds, TCC will transfer to BondCo all of TCC's rights under this Financing Order, including rights to impose, collect, and receive transition charges approved in this Financing Order. This transfer will be structured so that it will qualify as a true sale within the meaning of PURA § 39.308. By virtue of the transfer, BondCo will acquire all of the right, title, and interest of TCC in the transition property arising under this Financing Order.

Financing Order

Page 32 of 88

41. The use and proposed structure of BondCo and the limitations related to its organization and management are necessary to minimize risks related to the proposed securitization transactions and to minimize the transition charges. Therefore, the use and proposed structure of BondCo should be approved.

2. Credit Enhancement and Arrangements to Reduce Interest Rate Risk or Enhance Marketability

- 42. TCC requested approval to use additional forms of credit enhancement (including letters of credit, reserve accounts, surety bonds, or guarantees), various arrangements to reduce interest rate risks (including hedges) and other mechanisms designed to promote the credit quality and marketability of the transition bonds if the benefits of such arrangements exceeded their cost. TCC also asked that the costs of any credit enhancements as well as the costs of arrangements to reduce interest rate risk or enhance marketability be included in the amount of qualified costs to be securitized. TCC should be permitted to recover the up-front and ongoing costs of credit enhancements and arrangements to reduce interest rate risk or enhance marketability, provided that the Commission's designated representative or financial advisor and TCC agree in advance that such enhancements and arrangements provide benefits greater than their tangible and intangible costs. If the use of original issue discount, credit enhancements, or other arrangements is proposed by TCC, TCC shall provide the Commission's designated representative or financial advisor copies of all cost/benefit analyses performed by or for TCC that support the request to use such arrangements. This finding does not apply to the collection account or its subaccounts approved in this Financing Order.
- 43. TCC's proposed use of credit enhancements and arrangements to reduce interest rate risk or enhance marketability is reasonable and should be approved, provided that TCC certifies that the enhancements or arrangements provide benefits greater than their cost and that such certifications are agreed to by the Commission's designated representative or financial advisor.



Page 33 of 88

Docket No. 32475 Financing Order

44. In current market conditions, it is uncertain whether the benefits of an interest-rate swap will outweigh the costs of researching and preparing the swap and result in the lowest transition bond charges.

45. An interest-rate swap could expose ratepayers to higher risks in relation to the transition bond charges and the ability of the swap counterparty to meet its obligations.

3. Transition Property

- 46. Under PURA § 39.304(a), the rights and interest of an electric utility or successor under a financing order, including the right to impose, collect, and receive the transition charges authorized in the order, are only contract rights until they are first transferred to an assignee or pledged in connection with the issuance of transition bonds, at which time they will become transition property.
- 47. The rights to impose, collect, and receive the transition charges approved in this Financing Order along with the other rights arising pursuant to this Financing Order will become transition property upon the transfer of such rights by TCC to BondCo pursuant to PURA § 39.304.
- 48. Transition property and all other collateral will be held and administered by the indenture trustee pursuant to the indenture, as described in TCC's application. This proposal will help ensure the lowest transition-bond charges and should be approved.
- 49. Under PURA § 39.304(b), transition property constitutes a present property right for purposes of contracts concerning the sale or pledge of property, even though the imposition and collection of transition charges depends on further acts of the utility or others that have not yet occurred.

4. Servicer and the Servicing Agreement

50. TCC will execute a servicing agreement with BondCo. The servicing agreement may be amended, renewed or replaced by another servicing agreement. The entity responsible for carrying out the servicing obligations under any servicing



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 37 of 151

Docket No. 32475 Financing Order Page 34 of 88

agreement is the servicer. TCC will be the initial servicer but may be succeeded as servicer by another entity under certain circumstances detailed in the servicing agreement. Pursuant to the servicing agreement, the servicer is required, among other things, to impose and collect the applicable transition charges for the benefit and account of BondCo, to make the periodic true-up adjustments of transition charges required or allowed by this Financing Order, and to account for and remit the applicable transition charges to or for the account of BondCo in accordance with the remittance procedures contained in the servicing agreement without any charge, deduction or surcharge of any kind (other than the servicing fee specified in the servicing agreement). Under the terms of the servicing agreement, if any servicer fails to perform its servicing obligations in any material respect, the indenture trustee acting under the indenture to be entered into in connection with the issuance of the transition bonds, or the indenture trustee's designee, may, or, upon the instruction of the requisite percentage of holders of the outstanding amount of transition bonds, shall, appoint an alternate party to replace the defaulting servicer, in which case the replacement servicer will perform the obligations of the servicer under the servicing agreement. The obligations of the servicer under the servicing agreement and the circumstances under which an alternate servicer may be appointed are more fully described in the servicing agreement. The rights of BondCo under the servicing agreement will be included in the collateral pledged to the indenture trustee under the indenture for the benefit of holders of the transition bonds. TCC currently serves as servicer of the transition charges related to the transition bonds issued by AEP Texas Central Transition Funding, LLC, in February of 2002 pursuant to the financing order issued in Docket No. 21528. Consequently, TCC, as initial servicer of transition charges associated with transition bonds issued under this Financing Order will, and any successor servicer may, simultaneously be serving as servicer of separate transition charges associated with transition bonds for more than one issuer.

The Servicing Agreement negotiated as part of this securitization shall contain a recital clause that the Commission, or its attorney, will enforce the Servicing Agreement for the benefit of Texas ratepayers to the extent permitted by law.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 38 of 151

Docket No. 32475 Financing Order Page 35 of 88

- 52. The Servicing Agreement negotiated as part of this securitization shall include a provision that TCC shall indemnify the Commission (for the benefit of consumers) in connection with any increase in servicing fees that become payable pursuant to Section 6.06 of the Servicing Agreement as a result of a default resulting from TCC's willful misconduct, bad faith or negligence in performance of its duties or observance of its covenants under the Servicing Agreement. The indemnity will be enforced by the Commission but will not be enforceable by any REP or consumer.
- 53. The obligations to continue to provide service and to collect and account for transition charges will be binding upon TCC and any other entity that provides transmission and distribution services or direct wire services to a person that was a retail consumer located within TCC's service area as it existed on May 1, 1999, or that became a retail consumer for electric services within such area after May 1, 1999, and is still located within such area, except as provided in Finding of Fact No. 80. Further, and to the extent REPs are responsible for imposing and billing transition charges on behalf of BondCo, billing and credit standards approved in this Financing Order will be binding on all REPs that bill and collect transition charges from such retail consumers, together with their successors and assigns. The Commission will enforce the obligations imposed by this Financing Order, its applicable substantive rules, and statutory provisions.
- Order is assigned, sold or transferred to an assignee,⁴⁴ TCC will enter into a contract with that assignee that will require TCC to continue to operate its transmission and distribution system in order to provide electric services to TCC's customers. This provision does not prohibit TCC from selling, assigning or otherwise divesting its transmission and distribution system or any part thereof so long as the entity acquiring such facilities agrees to continue operating the facility to provide electric services to TCC's customers.

The term "assignee" means "any individual, corporation, or other legally recognized entity to which an interest in transition property in transferred, other than as security, including any assignee of that party." See id. § 39.302(1).

Financing Order

Page 36 of 88

55. The proposals described in Findings of Fact Nos. 50 through 54 are reasonable, will reduce risk associated with the proposed securitization and will, therefore, result in lower transition bond charges and greater benefits to ratepayers and should be approved.

5. Retail Electric Providers

- 56. The servicer will bill the transition charges to each retail consumer's REP and the REP will collect the transition charges from its retail customers.
- 57. Schedule TC-2 sets forth minimum billing and collection standards to apply to REPs that collect transition charges approved by this Financing Order from retail electric consumers. The Commission finds that the REP standards set forth in Schedule TC-2 are appropriate and should be adopted.
- 58. The REP standards set forth in Schedule TC-2 relate only to the billing and collection of transition charges authorized under this Financing Order, and do not apply to collection of any other nonbypassable charges or other charges. The standards apply to all REPs other than REPs that have contracted with TCC to have TCC bill and collect transition charges from the REP's retail consumers. REPs may contract with parties other than TCC to bill and collect transition charges from retail consumers, but such parties shall remain subject to these standards. Upon adoption of any amendment to P.U.C. SUBST. R. 25.108, the Commission Staff will open a proceeding to investigate the need to modify the standards in Schedule TC-2 to conform to that rule, provided that such modifications may not be implemented absent prior written confirmation from each of the rating agencies that have rated the transition bonds that such modifications will not cause a suspension, withdrawal, or downgrade of the ratings on the transition bonds.

59. The REP standards are as follows:

(a) Rating, Deposit, and Related Requirements.

Each REP must (1) have a long-term, unsecured credit rating of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and



Docket No. 32475 Financing Order Page 37 of 88

Moody's Investors Service, respectively, or (2) provide (a) a deposit of two months' maximum expected transition charge collections in the form of cash, (b) an affiliate guarantee, surety bond, or letter of credit providing for payment of such amount of transition charge collections in the event that the REP defaults in its payment obligations, or (c) a combination of any of the foregoing. A REP that does not have or maintain the requisite long-term, unsecured credit rating may select which alternate form of deposit, credit support, or combination thereof it will utilize, in its sole discretion. The indenture trustee shall be a beneficiary of any affiliate guarantee, surety bond or letter of credit. The provider of any affiliate guarantee, surety bond, or letter of credit must have and maintain a long-term, unsecured credit rating of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively.

(b) Loss of Rating.

If the long-term, unsecured credit rating from either Standard & Poor's or Moody's Investors Service of a REP that did not previously provide the alternate form of deposit, credit support, or combination thereof or of any provider of an affiliate guarantee, surety bond, or letter of credit is suspended, withdrawn, or downgraded below "BBB-" or "Baa3" (or the equivalent), the REP must provide the alternate form of deposit, credit support, or combination thereof, or new forms thereof, in each case from providers with the requisite ratings, within 10 business days following such suspension, withdrawal, or downgrade. A REP failing to make such provision must comply with the provisions set forth in Paragraph (e).

(c) Computation of Deposit, etc.

The computation of the size of a deposit required under Paragraph (a) shall be agreed upon by the servicer and the REP, and reviewed no more frequently than quarterly to ensure that the deposit accurately reflects two months' maximum expected transition charge collections. Within 10 business days following such review, (1) the REP shall remit to the indenture trustee the amount of any shortfall in such required deposit or (2) the servicer shall instruct the indenture trustee to remit to the REP any amount in excess of such required deposit. A REP failing to



Docket No. 32475 Financing Order Page 38 of 88

so remit any such shortfall must comply with the provisions set forth in Paragraph (e). REP cash deposits shall be held by the indenture trustee, maintained in a segregated account, and invested in short-term high quality investments, as permitted by the rating agencies rating the transition bonds. Investment earnings on REP cash deposits shall be considered part of such cash deposits so long as they remain on deposit with the indenture trustee. At the instruction of the servicer, cash deposits will be remitted with investment earnings to the REP at the end of the term of the transition bonds unless otherwise utilized for the payment of the REP's obligations for transition charges. Once the deposit is no longer required, the servicer shall promptly (but not later than 30 calendar days) instruct the indenture trustee to remit the amounts in the segregated accounts to the REP.

(d) Payment of Transition Charges.

Payments of transition charges are due 35 calendar days following each billing by the servicer to the REP, without regard to whether or when the REP receives payment from its retail customers. The servicer shall accept payment by electronic funds transfer, wire transfer, and/or check. Payment will be considered received the date the electronic funds transfer or wire transfer is received by the servicer, or the date the check clears. A 5% penalty is to be charged on amounts received after 35 calendar days; however, a 10 calendar-day grace period will be allowed before the REP is considered to be in default. A REP in default must comply with the provisions set forth in Paragraph (e). The 5% penalty will be a one-time assessment measured against the current amount overdue from the REP to the servicer. The "current amount" consists of the total unpaid transition charges existing on the 36th calendar day after billing by the servicer. Any and all such penalty payments will be made to the indenture trustee to be applied against transition charge obligations. A REP shall not be obligated to pay the overdue transition charges of another REP. If a REP agrees to assume the responsibility for the payment of overdue transition charges as a condition of receiving the customers of another REP that has decided to terminate service to those customers for any reason, the new REP shall not be assessed the 5% penalty



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 42 of 151

Docket No. 32475 Financing Order Page 39 of 88

upon such transition charges; however, the prior REP shall not be relieved of the previously-assessed penalties.

(e) Remedies Upon Default.

After the 10 calendar-day grace period (the 45th calendar day after the billing date) referred to in Paragraph (d), the servicer shall have the option to seek recourse against any cash deposit, affiliate guarantee, surety bond, letter of credit, or combination thereof provided by the REP, and avail itself of such legal remedies as may be appropriate to collect any remaining unpaid transition charges and associated penalties due the servicer after the application of the REP's deposit or alternate form of credit support. In addition, a REP that is in default with respect to the requirements set forth in Paragraphs (b), (c), or (d) shall select and implement one of the following options:

- (1) Allow the Provider of Last Resort ("POLR") or a qualified REP of the consumer's choosing to immediately assume the responsibility for the billing and collection of transition charges.
- (2) Immediately implement other mutually suitable and agreeable arrangements with the servicer. It is expressly understood that the servicer's ability to agree to any other arrangements will be limited by the terms of the servicing agreement and requirements of each of the rating agencies that have rated the transition bonds necessary to avoid a suspension, withdrawal, or downgrade of the ratings on the transition bonds.
- (3) Arrange that all amounts owed by retail consumers for services rendered be timely billed and immediately paid directly into a lock-box controlled by the servicer with such amounts to be applied first to pay transition charges before the remaining amounts are released to the REP. All costs associated with this mechanism will be borne solely by the REP.

If a REP that is in default fails to immediately select and implement one of the foregoing options or, after so selecting one of the foregoing options, fails to adequately meet its responsibilities thereunder, then the servicer shall

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 43 of 151

Docket No. 32475 Financing Order Page 40 of 88

immediately implement option (1). Upon re-establishment of compliance with the requirements set forth in Paragraphs (b), (c) and (d) and the payment of all past-due amounts and associated penalties, the REP will no longer be required to comply with this paragraph.

- (f) Interest of REPs (including the POLR) in Funds Held by Servicer. Any interest that a REP (including the POLR) may have in any funds in the hands of the servicer shall be junior and subordinate to any and all rights of the indenture trustee or the issuer to such funds.
- (g) Billing by Providers of Last Resort, etc. The POLR appointed by the Commission must meet the minimum credit rating or deposit/credit support requirements described in Paragraph (a) in addition to any other standards that may be adopted by the Commission. If the POLR defaults or is not eligible to provide such services, responsibility for billing and collection of transition charges will immediately be transferred to and assumed by the servicer until a new POLR can be named by the Commission or the consumer requests the services of a certified REP. Retail consumers may never be re-billed by the successor REP, the POLR, or the servicer for any amount of transition charges they have paid their REP (although future transition charges shall reflect REP and other system-wide charge-offs). Additionally, if the amount of the penalty detailed in Paragraph (d) is the sole remaining past-due amount after the 45th calendar day, the REP shall not be required to comply with clauses (1), (2), or (3) of Paragraph (e), unless the penalty is not paid within an additional 30 calendar days.
- (h) Disputes. In the event that a REP disputes any amount of billed transition charges, the REP shall pay the disputed amount under protest according to the timelines detailed in Paragraph (d). The REP and servicer shall first attempt to informally resolve the dispute, but if they fail to do so within 30 calendar days, either party may file a complaint with the Commission. If the REP is successful in the dispute process (informal or formal), the REP shall be entitled to interest on the disputed amount paid to the servicer at the Commission-approved interest rate. Disputes about the date of receipt of transition charge



Page 41 of 88

Docket No. 32475 Financing Order

payments (and penalties arising thereof) or the size of a required REP deposit will be handled in a like manner. It is expressly intended that any interest paid by the servicer on disputed amounts shall not be recovered through transition charges if it is determined that the servicer's claim to the funds is clearly unfounded. No interest shall be paid by the servicer if it is determined that the servicer has received inaccurate metering data from another entity providing competitive metering services pursuant to PURA § 39.107.

(i) Metering Data.

If the servicer is providing the metering, metering data will be provided to the REP at the same time as the billing. If the servicer is not providing the metering, the entity providing the metering services will be responsible for complying with Commission rules and ensuring that the servicer and the REP receive timely and accurate metering data in order for the servicer to meet its obligations under the servicing agreement and this Financing Order with respect to billing and true-ups.

(j) Charge-Off Allowance.

The REP will be allowed to hold back an allowance for charge-offs in its payments to the servicer. Such charge-off rate will be recalculated each year in connection with the annual true-up procedure. In the initial year, REPs will be allowed to remit payments based on the same charge-off percentage then being used by the REP to remit payments to the servicer in connection with transition charges related to transition bonds issued by AEP Texas Central Transition Funding, LLC in February 2002 pursuant to the financing order in Docket No. 21528. On an annual basis in connection with the true-up process, the REP and the servicer will be responsible for reconciling the amounts held back with amounts actually written off as uncollectible in accordance with the terms agreed to by the REP and the servicer, provided that:

(1) The REP's right to reconciliation for write-offs will be limited to customers whose service has been permanently terminated and whose



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 45 of 151

Docket No. 32475

Financing Order

Page 42 of 88

- entire accounts (*i.e.*, all amounts due the REP for its own account as well as the portion representing transition charges) have been written off.
- (2) The REP's recourse will be limited to a credit against future transition charge payments unless the REP and the servicer agree to alternative arrangements, but in no event will the REP have recourse to the indenture trustee, BondCo or BondCo's funds for such payments.
- (3) The REP shall provide information on a timely basis to the servicer so that the servicer can include the REP's default experience and any subsequent credits into its calculation of the adjusted transition-charge rates for the next transition-charge billing period and the REP's rights to credits will not take effect until after such adjusted transition-charge rates have been implemented.

(k) Service Termination.

In the event that the servicer is billing consumers for transition charges, the servicer shall have the right to terminate transmission and distribution service to the end-use consumer for non-payment by the end-use consumer pursuant to applicable Commission rules. In the event that a REP or the POLR is billing consumers for transition charges, the REP or POLR shall have the right to transfer the customer to the POLR (or to another certified REP) or to direct the servicer to terminate transmission and distribution service to the end-use consumer for non-payment in accordance with the applicable Commission rules.

- 60. The proposed billing and collection standards for REPs are the same as those adopted in Docket No. 21528 and currently applied by TCC in its capacity as servicer under the transition bonds issued pursuant to the financing order in that docket.
- 61. The proposed billing and collection standards for REPs and the applicability of those standards are appropriate for the collection of transition charges resulting from this Financing Order, are reasonable and will lower risks associated with the collection of transition charges and will result in lower transition bond charges and greater benefits to ratepayers. In addition, adoption of these standards will



Docket No. 32475 Financing Order Page 43 of 88

provide uniformity of standards for the billing and collection of transition charges for which TCC acts as servicer. Therefore, the proposed billing and collection standards for REPs and the applicability of those standards described in Findings of Fact Nos. 58 and 59 should be approved.

6. Transition Bonds

- 62. BondCo will issue and sell transition bonds in one or more series, and each series may be issued in one or more tranches. The legal final maturity date of any series of transition bonds will not exceed 15 years from the date of issuance of such series. The legal final maturity date of each series and tranche within a series and amounts in each series will be finally determined by TCC and the Commission's designated representative or financial advisor, consistent with market conditions and indications of the rating agencies, at the time the transition bonds are issued, but subject to ultimate Commission review through the issuance advice letter process. TCC will retain sole discretion regarding whether or when to assign, sell, or otherwise transfer any rights concerning transition property arising under this Financing Order, or to cause the issuance of any transition bonds authorized in this Financing Order, subject to the right of the Commission to find that the proposed issuance does not comply with the requirements of PURA and this Financing Order. BondCo will issue the transition bonds on or after the fifth business day after pricing of the transition bonds unless, prior to noon on the fourth business day following pricing of the bonds, the Commission issues an order finding that the proposed issuance does not comply with the requirements of PURA and this Financing Order.
- 63. The Commission finds that the proposed structure—providing annual transition charges to residential customers that would be essentially level over the term of the transition bonds if the actual year-to-year changes in residential load match the changes forecast at the time the bonds are structured—is in the public interest and should be used. The approved structure will facilitate competition, is reasonable and should be approved, provided that the weighted average annual interest rate for the bonds does not exceed 8.00%. This restriction is necessary to



Docket No. 32475 Financing Order Page 44 of 88

ensure that the stated economic benefits to ratepayers materialize. To further ensure benefits to ratepayers, the Commission's designated representative or financial advisor should be charged with the obligation to ensure on behalf of the Commission that the structure and pricing of the transition bonds results in the lowest transition bond charges consistent with market conditions and this Financing Order.

7. Security for Transition Bonds

64. The payment of the transition bonds and related charges authorized by this Financing Order is to be secured by the transition property created by this Financing Order and by certain other collateral as described in the application. The transition bonds will be issued pursuant to the indenture administered by the indenture trustee. The indenture will include provisions for a collection account for each series and subaccounts for the collection and administration of the transition charges and payment or funding of the principal and interest on the transition bonds and other costs, including fees and expenses, in connection with the transition bonds, as described in TCC's application. Pursuant to the indenture, BondCo will establish a collection account as a trust account to be held by the indenture trustee as collateral to ensure the payment of the principal, interest, and other costs approved in this Financing Order related to the transition bonds in full and on a timely basis. The collection account will include the general subaccount, the capital subaccount, and the excess funds subaccount, and may include other subaccounts.

a. The General Subaccount

65. The indenture trustee will deposit the transition charge remittances that the servicer remits to the indenture trustee for the account of BondCo into one or more segregated trust accounts and allocate the amount of those remittances to the general subaccount. The indenture trustee will on a periodic basis apply moneys in this subaccount to pay expenses of BondCo, to pay principal and interest on the transition bonds, and to meet the funding requirements of the other subaccounts.



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 48 of 151

Docket No. 32475 Financing Order Page 45 of 88

The funds in the general subaccount will be invested by the indenture trustee in short-term high-quality investments, and such funds (including, to the extent necessary, investment earnings) will be applied by the indenture trustee to pay principal and interest on the transition bonds and all other components of the Periodic Payment Requirement ("PPR") (as defined in Finding of Fact No. 81), and otherwise in accordance with the terms of the indenture.

b. The Capital Subaccount

- 66. When a series of transition bonds is issued, TCC will make a capital contribution to BondCo for that series, which BondCo will deposit into the capital subaccount. The amount of the capital contribution is expected to be not less than 0.5% of the original principal amount of each series of transition bonds, although the actual amount will depend on tax and rating agency requirements. subaccount will serve as collateral to ensure timely payment of principal and interest on the transition bonds and all other components of the PPR. Any funds drawn from the capital account to pay these amounts due to a shortfall in the transition charge remittances will be replenished through future transition charge remittances. The funds in this subaccount will be invested by the indenture trustee in short-term high-quality investments, and such funds (including investment earnings) will be used by the indenture trustee to pay principal and interest on the transition bonds and all other components of the PPR. Upon payment of the principal amount of all transition bonds and the discharge of all obligations that may be paid by use of transition charges, all amounts in the capital subaccount, including any investment earnings, will be released to BondCo for payment to TCC. Investment earnings in this subaccount may be released earlier in accordance with the indenture.
- 67. The capital contribution to BondCo should be funded by TCC. To ensure that ratepayers receive the appropriate benefit from the securitization approved in this Financing Order, the proceeds from the sale of the transition bonds that are used to retire or refund TCC's debt and equity securities should not be offset by the amount of this capital contribution. Because TCC funds the capital subaccount,



Financing Order

Page 46 of 88

TCC should receive the investment earnings earned through the indenture trustee's investment of that capital from time to time and should receive return of that capital after all transition bonds have been paid.

c. The Excess Funds Subaccount

68. The excess funds subaccount will hold any transition charge remittances and investment earnings on the collection account (other than earnings attributable to the capital subaccount and released under the terms of the indenture) in excess of the amounts needed to pay current principal and interest on the transition bonds and to pay other PPRs (including, but not limited to, replenishing the capital subaccount). Any balance in or allocated to the excess funds subaccount on a true-up adjustment date will be subtracted from the Periodic Billing Requirement, ("PBR") (as defined in Finding of Fact No. 82) for purposes of the true-up adjustment. The money in this subaccount will be invested by the indenture trustee in short-term high-quality investments, and such money (including investment earnings thereon) will be used by the indenture trustee to pay principal and interest on the transition bonds and other PPRs.

d. The Tranche Subaccount

69. A tranche subaccount will be established for each floating-rate tranche of transition bonds upon issuance. On the business day preceding each payment date, the trustee will allocate to the tranche subaccount from the general subaccount an amount equal to the gross fixed amount for the floating rate tranche on that payment date. On the related payment date, amounts in the tranche subaccount will be paid as interest to the holders of the floating-rate transition bonds. In the event of a shortfall of funds in the tranche subaccount to pay interest on the floating-rate transition bonds, the amount will be paid on a pro rata basis based on the relative amounts due in interest on that tranche. Any balance remaining in the tranche subaccount after payments have been made to the holders of the floating-rate transition bonds on a payment date will be transferred to the collection account for allocation on the next payment date.



Financing Order

Page 47 of 88

e. Other Subaccounts

70. Other credit enhancements in the form of subaccounts may be utilized for the transaction provided that the Commission's designated representative or financial advisor and TCC agree in advance that such enhancements provide benefits greater than their tangible and intangible costs. For example, TCC does not propose use of an overcollateralization subaccount as was approved in Docket No. 21528 in connection with its prior securitization of regulatory assets. As described in TCC's application, under Rev. Proc. 2002-49, as clarified by Rev. Proc. 2005-61 and 2005-62 issued by the Internal Revenue Service ("IRS"), the use of an overcollateralization subaccount is not necessary for favorable tax treatment nor does it appear to be necessary to obtain AAA ratings for the proposed transition bonds. If the Commission's designated representative or financial advisor and TCC subsequently agree, however, that use of an overcollateralization subaccount or other subaccount are necessary to obtain AAA ratings or will otherwise increase the tangible and quantifiable benefits of the securitization, TCC may implement such subaccounts in order to reduce transition bond charges.

8. General Provisions

71. The collection account and the subaccounts described above are intended to provide for full and timely payment of scheduled principal and interest on the transition bonds and all other components of the Periodic Payment Requirement. If the amount of transition charges remitted to the general subaccount is insufficient to make all scheduled payments of principal and interest on the transition bonds and to make payment on all of the other components of the PPR, the excess funds subaccount and the capital subaccount will be drawn down, in that order, to make those payments. Any deficiency in the capital subaccount due to such withdrawals must be replenished to the capital subaccount on a periodic basis through the true-up process. In addition to the foregoing, there may be such additional accounts and subaccounts as are necessary to segregate amounts received from various sources (i.e., amounts received from REPs), or to be used

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Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 51 of 151

Page 48 of 88

Docket No. 32475 Financing Order

for specified purposes. Such accounts will be administered and utilized as set forth in the servicing agreement and the indenture. Upon the maturity of the transition bonds and the discharge of all obligations in respect thereof, remaining amounts in the collection account, other than amounts that were in the capital subaccount, will be released to BondCo and equivalent amounts will be credited by TCC to customers consistent with PURA § 39.262(g).

72. The use of a collection account and its subaccounts in the manner proposed by TCC is reasonable, will lower risks associated with the securitization and thus lower the costs to ratepayers, and should, therefore, be approved.

9. Transition Charges—Imposition and Collection, Nonbypassability, and Self-Generation

- 73. TCC seeks authorization to impose on and collect from REPs and from other entities which are required to bill, pay or collect transition charges under this Financing Order or the tariffs approved hereby, transition charges in an amount sufficient to provide for the timely recovery of its qualified costs approved in this Financing Order (including payment of principal and interest on the transition bonds and ongoing costs related to the transition bonds).
- 74. Transition charges will be separately identified on bills presented to REPs and other entities obligated to pay or collect transition charges.
- 75. If a REP or other entity does not pay the full amount it has been billed, the amount paid by the REP or such other entity will first be apportioned between the transition charges and other fees and charges (including amounts billed and due in respect of transition charges associated with transition bonds issued under other financing orders), other than late fees, and second, any remaining portion of the payment will be allocated to late fees. This allocation will facilitate a proper balance between the competing claims to this source of revenue in an equitable manner.
- 76. The transition bonds have an expected final legal maturity of not longer than 14 years. However, amounts may still need to be recovered after the expiration of



Page 49 of 88

Docket No. 32475 Financing Order

the 14-year period. TCC proposed that the transition charges related to a series of transition bonds will be recovered over a period of not more than 15 years from the date of issuance of that series of the transition bonds but that amounts due at or before the end of that period for services rendered during the 15-year period may be collected after the conclusion of the 15-year period.

- 77. PURA § 39.303(b) prohibits the recovery of transition charges for a period of time that exceeds 15 years. Transition charges related to a series of transition bonds may not be collected after 15 years from the date of issuance of that series of bonds. This restriction does not, however, prevent the recovery of amounts due at the end of such 15-year period for services rendered during such 15-year period.
- 78. TCC will collect transition charges from all REPs serving retail customers located within TCC's certificated service area as it existed on May 1, 1999 and from other entities which are required to bill, pay or collect transition charges under this Financing Order or the tariffs approved hereby, except as provided in Finding of Fact No. 80. In accordance with PURA § 39.252(c), a retail customer within such area may not avoid transition charges by switching to another electric utility, electric cooperative or municipally-owned utility after May 1, 1999. However, a customer in a multiply-certificated service area that requested to switch providers on or before May 1, 1999, or was not taking service from TCC on May 1, 1999, and does not do so after that date, will not be responsible for paying transition charges.
- 79. Except as provided by PURA §§ 39.262(k) and 39.252, as implemented by Substantive Rule 25.345, a retail consumer may not avoid the payment of transition charges by switching to new on-site generation. Pursuant to PURA §39.252(b)(2), if a consumer commences taking energy from new on-site generation that materially reduces the consumer's use of energy delivered through TCC's facilities, the consumer will pay an amount each month computed by multiplying the output of the on-site generation utilized to meet the internal electrical requirements of the consumer by the applicable transition charges in



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 53 of 151

Docket No. 32475

Financing Order

Page 50 of 88

effect for that month. Any reduction equivalent to more than 12.5% of the consumer's annual average use of energy delivered through TCC's facilities will be considered material for this purpose. Payments of the transition charges owed by such consumers under PURA § 39.252(b)(2) will be made to the servicer and will be collected in addition to any other charges applicable to services provided to the consumer through TCC's facilities and any other competition transition charges applicable to self-generation under PURA § 39.252.

80. TCC's proposal related to imposition and collection of transition charges is reasonable and is necessary to ensure collection of transition charges sufficient to support recovery of the qualified costs approved in this Financing Order and should be approved. It is reasonable to exclude existing customers of TCC who begin taking service from Sharyland Utilities, LP ("Sharyland") in Sharyland's certificated area from the obligation to pay transition charges approved in this Financing Order because Sharyland has agreed to compensate TCC for stranded generation costs in Docket No. 20292. It is reasonable to approve the form of TCC's Schedule TC-2 and Rider TC-2 in this Financing Order and require that these tariff provisions be filed before any transition bonds are issued pursuant to this Financing Order.

10. Allocation of Qualified Costs Among Texas Retail Consumers

81. The Periodic Payment Requirement ("PPR") is the required periodic payment for a given period (i.e., semiannually, or quarterly if floating rate debt is issued) due under the transition bonds. Each PPR includes: (a) the principal amortization of the transition bonds in accordance with the expected amortization schedule (including deficiencies of previously scheduled principal for any reason); (b) periodic interest on the transition bonds (including any accrued and unpaid interest); and (c) ongoing qualified costs consisting of the servicing fee, rating agencies' fees, trustee fees, legal and accounting fees, other ongoing fees and expenses, and the costs, if any, of maintaining any credit enhancement. The PPR for the transition bonds issued pursuant to this Financing Order should be updated in the issuance advice letter.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 54 of 151

Docket No. 32475

Financing Order

Page 51 of 88

- 82. The Periodic Billing Requirement ("PBR") represents the aggregate dollar amount of transition charges that must be billed during a given period (i.e., semiannually, or quarterly if floating rate debt is issued) so that the transition charge collections will be sufficient to meet the sum of all PPR for that period, given: (i) forecast usage data for the period; (ii) forecast uncollectibles for the period; and (iii) forecast lags in collection of billed transition charges for the period.
- 83. The generation demand allocation factors, which relate solely to the use of generation-related base revenue adjustments, discussed by State witness Kit Pevoto at pages 11-16 of her Direct Testimony, should be used to allocate the PBR among the Texas retail consumers.
- 84. The energy allocators that should be used to allocate the PBR among the Texas retail consumers are those based on energy consumption for the calendar year ending April 30, 1999, adjusted for weather and losses.
- 85. In its allocation of the securitized costs, TCC allocated the costs to improve air quality among the retail consumer classes by allocating 50 percent using the generation demand allocation factors described in Finding of Fact No. 83 and the remainder using the energy allocators described in Finding of Fact No. 84.
- 86. The amount of excess mitigation credits ("EMCs") (including interest) refunded by AEP-TCC (\$55,456,664), which is included in the amount to be securitized, should be allocated to the customer classes based upon base rate revenues during the 1999-2000 period.
- 87. TCC allocated the stranded costs and regulatory assets (after deducting the costs to improve air quality discussed in Finding of Fact No. 85 and the amount equal to the refunded EMCs discussed in Finding of Fact No. 86) using a seven-step process, as follows:

<u>Step 1:</u>

50 percent of the annual PBR was allocated to all transition charge rate classes using the generation demand allocation factors described in Finding of Fact No. 83.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 55 of 151

Docket No. 32475

Financing Order

Page 52 of 88

Step 2:

50 percent of the annual PBR was allocated to all rate classes using the energy allocator described in Finding of Fact No. 84.

Step 3:

The amounts assigned to the Residential class from Steps 1 and 2 were summed above to determine the portion of the PBR to be assigned to the Residential class.

Step 4:

The amount assigned to the Residential class as determined in Step 3 above was subtracted from the PBR.

Step 5:

150 percent of the amount of PBR allocated to the Non-Firm classes using the generation demand allocation factors described in Finding of Fact No. 83 was assigned to the Non-Firm classes. The resulting percentage was applied to the remaining PBR amount determined in Step 4 above.

Step 6:

Subtract the amount of PBR assigned to the Non-Firm classes in Step 5 above from the PBR amount determined in Step 4 above.

Step 7:

The amount of PBR remaining from Step 6 was then allocated to the remaining transition charge rate classes based upon the generation demand allocation ratios of the remaining classes (excluding Residential and Non-Firm) from Step 1 to the total of the remaining classes.

88. TCC derived a blended Periodic Billing Requirement Allocation Factor ("PBRAF") for each transition charge rate class based on the allocation methodologies described in Finding of Fact Nos. 81 through 87. The transition charge rate classes for the transition bonds to be issued pursuant to this Financing Order are the same as the rate classes utilized for the prior issuance of transition bonds by AEP Texas Central Transition Funding, LLC in February 2002 pursuant to the financing order issued in Docket No. 21528.

Financing Order

Page 53 of 88

89. Pursuant to the methodologies described in Finding of Fact Nos. 81 through 88, the Commission adopts the following PBRAFs:

Class	PBRAF
Residential	37.9223%
Commercial & Small Ind Energy	22.7030%
Commercial & Small Ind Demand	29.3208%
Large Industrial – Firm	2.3472%
Large Industrial – Non-firm	3.0711%
Standby – Firm	1.5051%
Standby – Non-Firm	0.4022%
Municipal & Cotton Gin	2.7283%
Total	100.0000%

11. True-Up of Transition Charges

- 90. Pursuant to PURA § 39.307, the servicer of the transition bonds will make annual adjustments to the transition charges to:
 - (a) correct any undercollections or overcollections, including without limitation any caused by REP defaults, during the preceding 12 months;
 and
 - (b) ensure the billing of transition charges necessary to generate the collection of amounts sufficient to timely provide all scheduled payments of principal and interest (or deposits to sinking funds in respect of principal and interest) and any other amounts due in connection with the transition bonds (including ongoing fees and expenses and amounts required to be deposited in or allocated to any collection account or subaccount, trustee indemnities, payments due in connection with any expenses incurred by the indenture trustee or the servicer to enforce bondholder rights and all other payments that may be required pursuant to the waterfall of payments described in the application) during the period for which such adjusted transition charges are to be in effect.

With respect to any series of transition bonds, the servicer will make true-up adjustment filings with the Commission at least annually, within 45 days of the anniversary of the date of the original issuance of the transition bonds of that series.

Page 54 of 88

Docket No. 32475 Financing Order

- 91. True-up filings will be based upon the cumulative differences, regardless of the reason, between the PPR (including scheduled principal and interest payments on the transition bonds) and the amount of transition charge remittances to the indenture trustee. True-up procedures are necessary to ensure full recovery of amounts sufficient to meet the PPR over the expected life of the transition bonds. In order to assure adequate transition charge revenues to fund the PPR and to avoid large overcollections and undercollections over time, the servicer will reconcile the transition charges using TCC's most recent forecast of electricity deliveries (i.e., forecasted billing units) and estimates of transaction-related expenses. The calculation of the transition charges will also reflect both a projection of uncollectible transition charges and a projection of payment lags between the billing and collection of transition charges based upon TCC's and the REPs' most recent experience regarding collection of transition charges.
- 92. The servicer will make true-up adjustments in the following manner, known as the standard true-up procedure:
 - (a) allocate the upcoming period's PBR based on the PBRAFs approved in this Financing Order;
 - (b) calculate undercollections or overcollections, including without limitation any caused by REP defaults, from the preceding period in each class by subtracting the previous period's transition charge revenues collected from each class from the PBR determined for that class for the same period;
 - sum the amounts allocated to each customer class in steps (a) and (b) to determine an adjusted PBR for each transition charge customer class;
 and
 - (d) divide the amount assigned to each customer class in step (c) above by the appropriate forecasted billing units to determine the transition charge rate by class for the upcoming period.



Financing Order

Page 55 of 88

12. Interim True-Up

- 93. In addition to these annual true-up adjustments, true-up adjustments may be made by the servicer more frequently at any time during the term of the transition bonds to correct any undercollection or overcollection, as provided for in this Financing Order, in order to assure timely payment of transition bonds based on rating agency and bondholder considerations. In addition to the foregoing, either of the following two conditions may result in an interim true-up adjustment prior to an upcoming transition bond principal payment date:
 - (a) the servicer determines that collection of transition charges for the upcoming payment date would result in a difference that is greater than 5% in absolute value, between (i) the actual outstanding principal balances of the transition bonds plus amounts on deposit in the excess funds subaccount and (ii) the outstanding principal balances anticipated in the target amortization schedule; or
 - (b) to meet a rating agency requirement that any tranche of transition bonds be paid in full by its expected maturity date.
- 94. In the event an interim true-up is necessary, the interim true-up adjustment should be filed not less than 15 days prior to the first billing cycle of the month in which the revised transition charges will be in effect. In no event would such interim true-up adjustments occur more frequently than every three months if quarterly transition bond payments are required or every six months if semi-annual transition bond payments are required; provided, however, that interim true-up adjustments for any transition bonds remaining outstanding during the fourteenth and fifteenth year after the bonds are issued may occur quarterly.

13. Non-Standard True-Up

95. A non-standard true-up procedure will be applied if the forecasted billing units for one or more of the transition charge customer classes for an upcoming period decreases by more than 10% compared to the billing units used by TCC to



Financing Order

Page 56 of 88

develop the PBRAFs approved in this Financing Order (known as the threshold billing units), shown in Appendix E to this Financing Order.

- 96. In conducting the non-standard true-up the servicer will:
 - (a) allocate the upcoming period's PBR based on the PBRAFs approved in this Financing Order;
 - (b) calculate undercollections or overcollections, including without limitation any caused by REP defaults, from the preceding period in each class by subtracting the previous period's transition charge revenues collected from each class from the PBR determined for that class for the same period;
 - (c) sum the amounts allocated to each customer class in steps (a) and (b) to determine an adjusted PBR for each transition charge customer class;
 - (d) divide the PBR for each customer class by the maximum of the forecasted billing units or the threshold billing units for that class, to determine the "threshold rate";
 - (e) multiply the threshold rate by the forecasted billing units for each class to determine the expected collections under the threshold rate;
 - (f) allocate the difference in the adjusted PBR and the expected collections calculated in step (e) among the transition charge customer classes using the PBRAFs approved in this Financing Order;
 - (g) add the amount allocated to each class in step (f) above to the expected collection amount by class calculated in step (e) above to determine the final Periodic Billing Requirement for each class; and
 - (h) divide the final PBR for each class by the forecasted billing units to determine the transition charge rate by class for the upcoming period.
- 97. A proceeding for the purpose of approving a non-standard true-up should be conducted in the following manner:
 - (a) The servicer will make a "non-standard true-up filing" with the Commission at least 90 days before the date of the proposed true-up adjustment. The filing will contain the proposed changes to the transition charge rates, justification for such changes as necessary to



Financing Order

Page 57 of 88

- specifically address the cause(s) of the proposed non-standard true-up, and a statement of the proposed effective date.
- (b) Concurrently with the filing of the non-standard true-up with the Commission, the servicer will notify all parties in this docket of the filing of the proposal for a non-standard true-up.
- (c) The servicer will issue appropriate notice and the Commission will conduct a contested case proceeding on the non-standard true-up proposal pursuant to PURA § 39.003.

The scope of the proceeding will be limited to determining whether the proposed adjustment complies with this Financing Order. The Commission will issue a final order by the proposed true-up adjustment date stated in the non-standard true-up filing. In the event that the Commission cannot issue an order by that date, the servicer will be permitted to implement its proposed changes. Any modifications subsequently ordered by the Commission will be made by the servicer in the next true-up filing.

14. Additional True-Up Provisions

- 98. The true-up adjustment filing will set forth the servicer's calculation of the true-up adjustment to the transition charges. Except for the non-standard true-up in Findings of Fact Nos. 95 through 97, the Commission will have 15 days after the date of a true-up adjustment filing in which to confirm the mathematical accuracy of the servicer's adjustment. Except for the non-standard true-up adjustment described above, any true-up adjustment filed with the Commission should be effective on its proposed effective date, which shall be not less than 15 days after filing. Any necessary corrections to the true-up adjustment, due to mathematical errors in the calculation of such adjustment or otherwise, will be made in future true-up adjustment filings.
- 99. The true-up procedures contained in Schedule TC-2 are reasonable and will reduce risks related to the transition bonds, resulting in lower transition bond charges and greater benefits to ratepayers and should be approved.



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 61 of 151

Docket No. 32475 Financing Order Page 58 of 88

- 100. The broad-based nature of the true-up mechanism and the pledge of the State of Texas embodied in PURA § 39.310, along with the bankruptcy remoteness of the special purpose entity and the collection account, will serve to effectively eliminate for all practical purposes and circumstances any credit risk associated with the transition bonds (i.e., that sufficient funds will be available and paid to discharge all principal and interest obligations when due).
- 101. In addition to the true-up mechanisms discussed above, Schedule TC-2 also includes a process to adjust the PBRAFs in the event the Commission determines that statewide stranded costs exceed \$5 billion under PURA § 39.253(f).

15. Designated Representative or Financial Advisor

- 102. In order to ensure, as required by PURA §39.301, that the structuring and pricing of the transition bonds result in the lowest transition bond charges consistent with market conditions and the terms of this Financing Order, the Commission finds that it is necessary for the Commission, acting through its designated representative or financial advisor, to have a decision-making role co-equal with AEP with respect to the structuring and pricing of the transition bonds and that all matters related to the structuring and pricing of the transition bonds shall be determined through a joint decision of AEP and the Commission, acting through its designated representative or financial advisor. The primary responsibilities of the Commission's designated representative or financial advisor are to provide advice to the Commission and to assist the Commission in ensuring that the structuring and pricing of the transition bonds result in the lowest transition bond charges consistent with market conditions and the terms of this Financing Order.
- 103. To properly advise the Commission, any financial advisor to the Commission must not participate in the underwriting of the transition bonds and its fee should not be based upon a percentage of the transition bond issuance. Its role should be limited to advising the Commission or acting on behalf of the Commission regarding the structuring, marketing, and pricing of the transition bonds. The Commission's designated representative or financial advisor must participate fully and in advance in all plans and decisions relating to the structuring, marketing,

Financing Order

Page 59 of 88

and pricing of the transition bonds and be provided timely information as necessary to fulfill its obligation to advise the Commission in a timely manner (including, but not limited to, information prepared for the benefit of rating agencies and information prepared for use in marketing the transition bonds to investors). The financial advisor's fee and fees of any attorneys or other professionals hired to assist the financial advisor or the Commission are determined pursuant to the Commission's contract with the financial advisor or other professionals and will be included in the up-front qualified costs that may be securitized.

- 104. The Commission's financial advisor or designated representative may require a certificate from the bookrunning underwriter(s) confirming that the structuring, marketing, and pricing of the transition bonds resulted in the lowest cost of funds and transition bond charges consistent with market conditions and the terms of this Financing Order.
- 105. TCC submitted draft transaction documents with its application, specifically forms of the Prospectus, the Indenture Agreement, the LLC Agreement, Transition Property Purchase and Sale Agreement, Servicing Agreement, Administration Agreement, and Summary of Terms (Attachments 3A, 3C, 3D, 3E, 3F, 3G, and Attachment 4, respectively). These draft documents have not been reviewed or approved by the Commission. The Commission's financial advisor or designated representative shall review and comment on these documents before they are finalized.

16. Lowest Transition Bond Charges

- 106. TCC has proposed a transaction structure that is expected to include (but is not limited to):
 - (a) the use of BondCo as issuer of the transition bonds, limiting the risks to transition bond holders of any adverse impact resulting from a bankruptcy proceeding of its parent or any affiliate;



Financing Order

Page 60 of 88

- (b) the right to impose and collect transition charges that are nonbypassable and which must be trued-up at least annually, but may be trued-up more frequently under certain circumstances, in order to assure the timely payment of the debt service and other ongoing transaction costs;
- (c) additional collateral in the form of a collection account which includes a capital subaccount funded in cash in an amount equal to not less than 0.5% of the original principal amount of the transition bonds and other subaccounts resulting in greater certainty of payment of interest and principal to investors and that are consistent with the IRS requirements that must be met to receive the desired federal income tax treatment for the transition bond transaction;
- (d) protection of transition bondholders against potential defaults by a servicer or REPs that are responsible for billing and collecting the transition charges from existing or future retail consumers;
- (e) benefits for federal income tax purposes including: (i) the transfer of the rights under this Financing Order to BondCo not resulting in gross income to TCC and the future revenues under the transition charges being included in TCC's gross income under its usual method of accounting, (ii) the issuance of the transition bonds and the transfer of the proceeds of the transition bonds to TCC not resulting in gross income to TCC, and (iii) the transition bonds constituting obligations of TCC;
- (f) the transition bonds will be marketed using proven underwriting and marketing processes, through which market conditions and investors' preferences, with regard to the timing of the issuance, the terms and conditions, related maturities, type of interest (fixed or variable) and other aspects of the structuring and pricing will be determined, evaluated and factored into the structuring and pricing of the transition bonds;
- (g) furnishing timely information to the Commission's designated representative or financial advisor to allow the Commission through the issuance advice letter process to ensure that the structuring and pricing of the transition

Docket No. 32475 Financing Order Page 61 of 88

bonds result in the lowest transition bond charges consistent with market conditions and the terms of this Financing Order; and

- (h) hedging agreements used to mitigate the risk of future rate increases if TCC and the Commission's designated representative or financial advisor jointly determine that it is prudent to enter into these types of agreements.
- 107. TCC's proposed transaction structure is necessary to enable the transition bonds to obtain the highest possible bond credit rating, ensures that the structuring and pricing of the transition bonds will result in the lowest transition bond charges consistent with market conditions and the terms of this Financing Order, ensures the greatest benefit to ratepayers consistent with market conditions and the terms of this Financing Order, and protects the competitiveness of the retail electric market.
- 108. To ensure that ratepayers receive the tangible and quantifiable economic benefits due from the proposed securitization and so that the proposed transition bond transaction will be consistent with the standards set forth in PURA §§ 39.301 and 39.303, it is necessary that (i) the effective annual weighted average interest rate of the transition bonds, excluding up-front qualified and ongoing qualified costs, does not exceed 8.00%, (ii) the expected final maturity of the last tranche of transition bonds does not exceed 14 years (although the legal final maturity of the transition bonds is structured to be consistent with Finding of Fact No. 63, and (iv) TCC otherwise satisfies the requirements of this Financing Order.
- 109. To allow the Commission to fulfill its obligations under PURA related to the securitization approved in this Financing Order, it is necessary for TCC, for each series of transition bonds issued, to certify to the Commission that the structure and pricing of that series results in the lowest transition bond charges consistent with market conditions at the time that the transition bonds are priced and the terms (including the specified amortization pattern) of this Financing Order and, if additional credit enhancements or arrangements to enhance marketability or reduce interest rate risks were used, to certify that they are expected to provide

Financing Order

Page 62 of 88

benefits in excess of their cost as required by Finding of Fact No. 32 through 36 of this Financing Order.

D. Use of Proceeds

- 110. Upon the issuance of transition bonds, BondCo will use the net proceeds from the sale of the transition bonds (after payment of transaction costs) to pay to TCC the purchase price of the transition property.
- 111. The net proceeds from the sale of the transition property (after payment of transaction costs) will be applied to reduce the debt and/or common equity on the regulatory books of TCC.
- 112. Through the steps described in Findings of Fact Nos. 110 and 111, the net proceeds from the sale of transition bonds will be used solely to retire existing debt and/or common equity of TCC and will result in a reduction in TCC's recoverable transition costs as determined in Docket No. 31056.

IV. CONCLUSIONS OF LAW

- 1. TCC is a public utility, as defined in PURA § 11.004, an electric utility, as defined in PURA § 31.002(6), and a transmission and distribution utility as defined in PURA § 31.002(19).
- 2. TCC is entitled to file an application for a financing order under PURA § 39.301.
- 3. The Commission has jurisdiction and authority over TCC's application pursuant to PURA §§ 14.001, 32.001, 39.201 and 39.301-.313.
- 4. The Commission has authority to approve this Financing Order under Subchapters E, F and G of Chapter 39 of PURA.
- 5. Notice of TCC's application was provided in compliance with the Administrative Procedure Act⁴⁵ and P.U.C. PROC. R. 22.54 and 22.55.



TEX. GOV'T CODE ANN. §§ 2001.001-901 (Vernon 2000 & Supp. 2005).

Financing Order

Page 63 of 88

- This application does not constitute a major rate proceeding as defined by P.U.C. PROC. R. 22.2.
- 7. Only the retail portion of regulatory assets may be recovered through a transition charge assessed against retail consumers.
- 8. BondCo will be an assignee as defined in PURA § 39.302(1) when an interest in transition property is transferred, other than as security, to BondCo.
- 9. The holders of the transition bonds and the indenture trustee will each be a financing party as defined in PURA § 39.302(3).
- 10. BondCo may issue transition bonds in accordance with this Financing Order.
- 11. The securitization approved in this Financing Order satisfies the requirement of PURA § 39.301 dictating that the proceeds of the transition bonds shall be used solely for the purposes of reducing the amount of recoverable regulatory assets and stranded costs through the refinancing or retirement of utility debt and/or equity.
- 12. The securitization approved in this Financing Order satisfies the requirement of PURA § 39.301 mandating that the securitization provides tangible and quantifiable benefits to ratepayers greater than would have been achieved absent the issuance of transition bonds. Consistent with fundamental financial principles, this requirement in PURA § 39.301 can only be determined using an economic analysis to account for the time value of money. An analysis that compares in the aggregate over a 14-year period the present value of the revenue requirement associated with use of a competition transition charge (which is the alternative recovery method permitted under PURA to recover stranded costs and regulatory assets and reflects conventional utility financing) with the present value of the revenue required under securitization is an appropriate economic analysis to demonstrate whether securitization provides economic benefits to ratepayers.
- 13. BondCo's issuance of the transition bonds approved in this Financing Order in compliance with the criteria established by this Financing Order satisfies the

Financing Order

Page 64 of 88

requirement of PURA § 39.301 prescribing that the structuring and pricing of the transition bonds will result in the lowest transition-bond charges consistent with market conditions and the terms of this Financing Order.

- 14. The amount approved in this Financing Order for securitization does not exceed the present value of the revenue requirement over the life of the transition bonds approved in this Financing Order that are associated with the costs sought to be securitized, as required by PURA § 39.301.
- 15. The securitization approved in this Financing Order satisfies the requirements of PURA § 39.303(a) directing that the total amount of revenues to be collected under this Financing Order be less than the revenue requirement that would be recovered using conventional financing methods (which, in the case of the balance at issue in this proceeding, is a competition transition charge) and that this Financing Order be consistent with the standards of PURA § 39.301.
- 16. Under PURA §§ 39.301 and 39.303, the Commission has the ability to prohibit different financial options relating to the transition bonds if the evidence supports the finding that the financial option will not or is unlikely to result in the lowest transition bonds charges consistent with market conditions.
- 17. The stranded cost true-up balance as determined in Docket No. 31056 accrues carrying costs from September 30, 2005 through the date of issuance of the transition bonds. TCC may securitize carrying costs accrued on the stranded costs during this period.
- 18. This Financing Order adequately details the amount to be recovered and the period over which TCC will be permitted to recover nonbypassable transition charges in accordance with the requirements of PURA § 39.303(b). Transition charges related to a series of transition bonds may not be collected after 15 years from the date of issuance of that series of bonds. This provision does not preclude the servicer from recovering transition charges attributable to service rendered during the 15-year period but remaining unpaid at the end of the 15-year period.

Docket No. 32475 Financing Order Page 65 of 88

- 19. The method approved in this Financing Order for collecting and allocating the transition charges satisfies the requirements of PURA §§ 39.303(c) and 39.253. The methodologies described in Finding of Fact Nos. 81 through 88 of allocating the stranded costs and regulatory assets among the Texas retail consumer classes comport with PURA § 29.253(a) through (e) and P.U.C. SUBST. R. 25.345(h)(2).
- 20. As provided in PURA § 39.303(d), this Financing Order, together with the transition charges authorized by this Financing Order, is irrevocable and not subject to reduction, impairment, or adjustment by further act of the Commission, except for the true-up procedures approved in this Financing Order, as required by PURA § 39.307; provided, however, that such irrevocability shall not preclude the Commission from extending the deadline for issuance of transition bonds if requested to do so by TCC.
- 21. As provided in PURA § 39.304(a), the rights and interests of TCC or its successor under this Financing Order, including the right to impose, collect and receive the transition charges authorized in this Financing Order, are assignable and shall become transition property when they are first transferred to BondCo.
- 22. The rights, interests and property conveyed to BondCo in the Transition Property Purchase and Sale Agreement and the related Bill of Sale, including the irrevocable right to impose, collect and receive transition charges and the revenues and collections from transition charges are "transition property" within the meaning of PURA §§ 39.302(8) and 39.304.
- 23. Transition property will constitute a present property right for purposes of contracts concerning the sale or pledge of property, even though the imposition and collection of the transition charges depend on further acts by TCC or others that have not yet occurred, as provided by PURA § 39.304(b).
- 24. All revenues and collections resulting from the transition charges will constitute proceeds only of the transition property arising from this Financing Order, as provided by PURA § 39.304(c).



Docket No. 32475 Financing Order Page 66 of 88

- 25. Upon the transfer by TCC of the transition property to BondCo, BondCo will have all of the rights, title and interest of TCC with respect to such transition property including the right to impose, collect and receive the transition charges authorized by the Financing Order.
- 26. The transition bonds issued pursuant to this Financing Order will be "transition bonds" within the meaning of PURA § 39.302(6) and the transition bonds and holders thereof are entitled to all of the protections provided under Subchapter G of Chapter 39 of PURA.
- 27. Amounts that are required to be paid to the servicer as transition charges under this Financing Order or the tariffs approved hereby are "transition charges" as defined in PURA § 39.302(7), and the amounts collected from retail consumers with respect to such transition charges are "transition charges" as defined in PURA § 39.302(7), whether or not such charges are set out as a separate line item on the retail consumer's bill.
- 28. Any payment of transition charges by a retail consumer to its REP, to another entity responsible for collecting transition charges from retail consumers under this Financing Order or the tariffs approved hereunder, or directly to the servicer will discharge the retail consumer's obligations in respect of that payment, but will not discharge the obligations of any REP or other entity responsible for collecting transition charges from retail consumers under this Financing Order to remit such payments to the servicer of the transition bonds on behalf of BondCo or an assignee or its obligations to pay amounts determined through subsequent true-up adjustments.
- 29. As provided in PURA § 39.305, the interests of an assignee, the holders of transition bonds, and the indenture trustee in transition property and in the revenues and collections arising from that property are not subject to setoff, counterclaim, surcharge, or defense by TCC or any other person or in connection with the bankruptcy of TCC or any other entity.
- 30. The methodology approved in this Financing Order to true-up the transition charges satisfies the requirements of PURA § 39.307.



Docket No. 32475 Financing Order Page 67 of 88

- 31. If and when TCC transfers to BondCo the right to impose, collect, and receive the transition charges and to issue the transition bonds, the servicer will be able to recover the transition charges associated with such transition property only for the benefit of BondCo and the holders of the transition bonds in accordance with the servicing agreement.
- 32. If and when TCC transfers its rights under this Financing Order to BondCo under an agreement that expressly states that the transfer is a sale or other absolute transfer in accordance with the true-sale provisions of PURA § 39.308, then, pursuant to that statutory provision, that transfer will be a true sale of an interest in transition property and not a secured transaction or other financing arrangement and title, legal and equitable, to the transition property will pass to BondCo. As provided by PURA § 39.308, this true sale shall apply regardless of whether the purchaser has any recourse against the seller, or any other term of the parties' agreement, including the seller's retention of an equity interest in the transition property, TCC's role as the collector of transition charges relating to the transition property, or the treatment of the transfer as a financing for tax, financial reporting, or other purposes.
- 33. As provided in PURA § 39.309(b), a valid and enforceable lien and security interest in the transition property in favor of the holders of the transition bonds or a trustee on their behalf will be created by this Financing Order and the execution and delivery of a security agreement with the holders of the transition bonds or a trustee on their behalf in connection with the issuance of the transition bonds. The lien and security interest will attach automatically from the time that value is received for the transition bonds and, on perfection through the filing of notice with the Secretary of State in accordance with the rules prescribed by the Secretary of State under PURA § 39.309(d), will be a continuously perfected lien and security interest in the transition property and all proceeds of the transition property, whether accrued or not, will have priority in the order of filing and will take precedence over any subsequent judicial or other lien creditor.



Docket No. 32475 Financing Order Page 68 of 88

- 34. As provided in PURA § 39.309(c), the transfer of an interest in transition property to an assignee will be perfected against all third parties, including subsequent judicial or other lien creditors, when this Financing Order becomes effective, transfer documents have been delivered to that assignee, and a notice of that transfer has been filed in accordance with the rules prescribed by the Secretary of State under PURA § 39.309(d); provided, however, that if notice of the transfer has not been filed in accordance with this process within 10 days after the delivery of transfer documentation, the transfer of the interest will not be perfected against third parties until the notice is filed. The transfer to BondCo of TCC's rights under this Financing Order will be a transfer of an interest in transition property for purposes of PURA § 39.309(c).
- As provided in PURA § 39.309(e), the priority of a lien and security interest perfected in accordance with PURA § 39.309 will not be impaired by any later change in the transition charges pursuant to PURA § 39.307 or by the commingling of funds arising from transition charges with other funds, and any other security interest that may apply to those funds will be terminated when they are transferred to a segregated account for an assignee or a financing party. To the extent that transition charges are not collected separately from other funds owed by REPs, the amounts to be remitted to such segregated account for an assignee or a financing party may be determined according to system-wide charge off percentages, collection curves or such other reasonable methods of estimation, as are set forth in the servicing agreement.
- 36. As provided in PURA § 39.309(e), if transition property is transferred to an assignee, any proceeds of the transition property will be treated as held in trust for the assignee.
- 37. As provided in PURA § 39.309(f), if a default or termination occurs under the transition bonds, the financing parties or their representatives may foreclose on or otherwise enforce their lien and security interest in any transition property as if they were secured parties under Chapter 9, Texas Business and Commerce Code, and, upon application by or on behalf of the financing parties, the Commission

Docket No. 32475 Financing Order Page 69 of 88

may order that amounts arising from the transition charges be transferred to a separate account for the financing parties' benefit, to which their lien and security interest may apply.

- 38. As provided in PURA § 39.309(f), if a default or termination occurs under the transition bonds, on application by or on behalf of the financing parties, a district court of Travis County, Texas shall order the sequestration and payment to those parties of revenues arising from the transition charges.
- 39. As provided by PURA § 39.310, the transition bonds authorized by this Financing Order are not a debt or obligation of the State of Texas and are not a charge on its full faith and credit or taxing power.
- 40. Pursuant to PURA § 39.310, the State of Texas has pledged for the benefit and protection of all financing parties and TCC, that it (including the Commission) will not take or permit any action that would impair the value of transition property, or, except as permitted by PURA § 39.307, reduce, alter or impair the transition charges to be imposed, collected, and remitted to any financing parties, until the principal, interest and premium, and any other charges incurred and contracts to be performed in connection with the transition bonds have been paid and performed in full. BondCo, in issuing transition bonds, is authorized pursuant to PURA § 39.310 and this Financing Order to include this pledge in any documentation relating to the transition bonds.
- 41. As provided in PURA § 39.311, transactions involving the transfer and ownership of the transition property and the receipt of transition charges are exempt from state and local income, sales, franchise, gross receipts, and other taxes or similar charges.
- 42. This Financing Order will remain in full force and effect and unabated notwithstanding the bankruptcy of TCC, its successors, or assignees.
- 43. TCC retains sole discretion regarding whether or when to assign, sell or otherwise transfer the rights and interests created by this Financing Order or any interest therein, or to cause the issuance of any transition bonds authorized by this

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 73 of 151

Page 70 of 88

Docket No. 32475 Financing Order

Financing Order, subject to the right of the Commission, acting through designated representative or financial advisor to participate in the structuring, pricing, and marketing of the transition bonds, and the Commission's authority to find that the proposed issuance does not comply with the requirements of PURA and this Financing Order.

- 44. This Financing Order is final, is not subject to rehearing by this Commission, and is not subject to review or appeal except as expressly provided in PURA § 39.303(f). The finality of this Financing Order is not impaired in any manner by the participation of the Commission through its designated representative or financial advisor in any decisions related to issuance of the transition bonds or by the Commission's review of or issuance of an order related to the issuance advice letter required to be filed with the Commission by this Financing Order.
- 45. This Financing Order meets the requirements for a financing order under Subchapter G of Chapter 39 of PURA.
- 46. The true-up mechanism, and all other obligations of the State of Texas and the Commission set forth in this Financing Order, are direct, explicit, irrevocable and unconditional upon issuance of the transition bonds and are legally enforceable against the State of Texas and the Commission.
- 47. Under the agreement approved by the Commission in Docket No. 20292, Sharyland will compensate TCC for stranded-generation costs resulting from the choice of an existing customer of TCC to switch electric service to Sharyland. Therefore, the requirement in PURA § 39.252(b), regarding the obligation of an existing customer in TCC's service area as of May 1, 1999, does not apply to an existing customer of TCC that begins taking service from Sharyland in Sharyland's certificated service area.
- 48. The securitization of the stranded cost true-up balance from Docket No. 31056 approved in this Financing Order does not affect, and should not be construed to affect, either TCC's or any other parties' rights with respect to any unresolved issues in Docket No. 31056, to the extent they have taken, or will take, the appropriate steps to preserve their rights as to these issues in other forums;

Docket No. 32475 Financing Order Page 71 of 88

provided that this Financing Order, together with the transition charges authorized hereby, is irrevocable and not subject to reduction, impairment or adjustment as provided in Conclusion of Law No. 20.

49. The Settlement Agreement among certain parties to this proceeding attached hereto as Appendix A is approved by the Commission as being in the public interest, however, the Commission does not rule on any cost allocation issue addressed in the Settlement that is to be implemented in the proceeding to implement the competition to transition charge for TCC.

V. ORDERING PARAGRAPHS

Based upon the record, the Findings of Fact and Conclusions of Law set forth herein, and for the reasons stated above, this Commission orders:

A. Approval

- 1. **Approval of Application**. The application of AEP Texas Central Company for the issuance of a financing order under PURA § 39.303 is approved, as provided in this Financing Order.
- 2. Authority to Securitize. TCC is authorized to securitize and to cause the issuance of transition bonds with an aggregate principal amount not to exceed the sum of (a) \$1,696,620,385 (which includes carrying costs through the projected issuance date of the transition bonds of September 1, 2006, and the interest differential reduction calculated in TCC's pleading filed on May 4, 2006), plus (b) up-front qualified costs, plus or minus (c) carrying costs for the number of days, as applicable, either greater than or less than assumed in the calculation based on the projected issuance date for the transition bonds of September 1, 2006. In the issuance advice letter, TCC shall update the amount of the up-front qualified costs to reflect the actual issuance date of the transition bonds and other relevant current information in accordance with the terms of this Financing Order. In addition, if the transition bonds are actually issued on a date other than September 1, 2006, TCC shall include in the issuance advice letter a revision to the carrying

Docket No. 32475 Financing Order Page 72 of 88

cost calculation to account for the difference in the number of days either less than or greater than assumed in the calculation based on the projected issuance date of September 1, 2006, and the securitized amount shall be adjusted upwards or downwards, as applicable, based on such difference. TCC is authorized to securitize the updated aggregate principal amount in the issuance advice letter. If the actual up-front qualified costs are less than the up-front qualified costs included in the principal amount securitized, the periodic billing requirement for the first annual true-up adjustment shall be reduced by the amount of such unused funds (together with income earned thereon through investment by the trustee in eligible investments) and such unused funds (together with income earned thereon through investment by the trustee in eligible investments) shall be available for payment of debt service on the bond payment date next succeeding such true-up adjustment. If the final up-front qualified costs are more than the up-front qualified costs included in the principal amount securitized or exceed the aggregate cap on up-front costs as set out on Appendix D, adjusted as provided in this Financing Order, TCC may request recovery of the remaining up-front qualified costs through a surcharge to TCC's rates for transmission and distribution service.

- 3. Recovery of Transition Charges. TCC shall impose on, and the servicer shall collect from, REPs serving all existing and future retail consumers located within TCC's service area as it existed on May 1, 1999 and other entities which, under the terms of this order or the tariffs approved hereby, are required to bill, pay or collect transition charges, as provided in this Financing Order, transition charges in an amount sufficient to provide for the timely recovery of its aggregate qualified costs detailed in this Financing Order (including payment of principal and interest on the transition bonds). REPs and other entities responsible for collecting transition charges from retail consumers under this Financing Order shall pay the transition charges billed to them whether or not they collect the transition charges from their retail consumers.
- 4. **Issuance Advice Letter.** TCC shall submit a draft issuance advice letter to the Commission Staff for review not later than two weeks prior to the expected date



Docket No. 32475 Financing Order Page 73 of 88

of pricing the transition bonds. Within one week after receipt of the draft issuance advice letter, Commission Staff shall provide TCC comments and recommendations regarding the adequacy of the information provided. Within 24 hours after pricing of the transition bonds and prior to issuance of the transition bonds, TCC, in consultation with the Commission acting through its designated representative or financial advisor, shall file with the Commission an issuance advice letter in substantially the form of the issuance advice letter attached as Appendix B to this Financing Order. As part of the issuance advice letter, TCC, through an officer of TCC, shall provide a certification worded precisely as the statement in the form of issuance advice letter approved by the Commission. The issuance advice letter shall be completed and evidence the actual dollar amount of the initial transition charges and other information specific to the transition bonds to be issued, and shall certify to the Commission that the structure and pricing of that series results in the lowest transition-bond charges consistent with market conditions at the time that the transition bonds are priced, and the terms set out in this Financing Order. In addition, if original issue discount, additional credit enhancements, or arrangements to reduce interest rate risks or enhance marketability are used, the issuance advice letter shall include certification that the original issue discount, additional credit enhancements, or other arrangements are reasonably expected to provide benefits as required by this Financing Order. All amounts which require computation shall be computed using the mathematical formulas contained in the form of the issuance advice letter in Appendix B to this Financing Order and Schedule TC-2 approved in this Financing Order. Electronic spreadsheets with the formulas supporting the schedules contained in the issuance advice letter shall be included with such letter. The Commission's review of the issuance advice letter shall be limited to the arithmetic accuracy of the calculations and to compliance with the specific requirements that are contained in the issuance advice letter. The initial transition charges and the final terms of the transition bonds set forth in the issuance advice letter shall become effective on the date of issuance of the transition bonds (which shall not occur prior to the fifth business day after pricing) unless prior to noon on the fourth business day



Financing Order

Page 74 of 88

after pricing the Commission issues an order finding that the proposed issuance does not comply with the requirements set forth above in this Ordering Paragraph.

5. Approval of Tariff. The form of Schedule TC-2 and Rider TC-2 attached as Appendix C to this order is approved. Prior to the issuance of any transition bonds under this Financing Order, TCC shall file a tariff that conforms to the form of the Schedule TC-2 and Rider TC-2 tariff provisions attached to this Financing Order.

B. Transition Charges

- 6. Imposition and Collection. TCC is authorized to impose on, and the servicer is authorized to collect from REPs serving all existing and future retail consumers located within TCC's service area as it existed on May 1, 1999 and other entities which, under the terms of this Financing Order or the tariffs approved hereby, are required to bill, pay or collect transition charges, transition charges in an amount sufficient to provide for the timely recovery of the aggregate Periodic Payment Requirements (including payment of principal and interest on the transition bonds), as approved in this Financing Order. If there is a shortfall in payment of an amount billed, the amount paid shall first be apportioned between the transition charges and other fees and charges (including transition charges attributable to the transition bonds issued by AEP Texas Central Transition Funding, LLC in February 2002 pursuant to the financing order in Docket 21528), other than late fees, and second, any remaining portion of the payment shall be allocated to late fees.
- 7. BondCo's Rights and Remedies. Upon the transfer by TCC of the transition property to BondCo, BondCo shall have all of the rights, title and interest of TCC with respect to such transition property, including, without limitation, the right to exercise any and all rights and remedies with respect thereto, including the right to authorize disconnection of electric service and to assess and collect any amounts payable by any retail consumer in respect of the transition property.

Docket No. 32475 Financing Order Page 75 of 88

- 8. Collector of Transition Charges. TCC or any subsequent servicer of the transition bonds shall bill a consumer's REP or other entity which, under the terms of this Financing Order or the tariffs approved hereby, is required to bill, or collect transition charges, for the transition charges attributable to that consumer.
- 9. Collection Period. The transition charges related to a series of transition bonds shall be designed to be collected over the expected 14-year life of the transition bonds. However, to the extent that any amounts are not recovered at the end of this 14-year period, TCC may continue to recover them over a period ending not more than 15 years from the date of issuance of that series of transition bonds. Amounts remaining unpaid after this 15-year period may be recovered but only to the extent that the charges are attributable to services rendered during the 15-year period.
- 10. Allocation. TCC shall allocate the transition charges among consumer classes in the manner described in this Financing Order.
- 11. Nonbypassability. TCC and any other entity providing electric transmission or distribution services and any REP providing services to any retail consumer within TCC's certificated service area as it existed on May 1, 1999 (except as provided in Finding of Fact No. 80), are entitled to collect and must remit, consistent with this Financing Order, the transition charges from such retail consumers and, except as provided under PURA §§ 39.252(b) and 39.262(k), as implemented by P.U.C. SUBST. R. 25.345, from retail consumers that switch to new on-site generation, and such retail consumers are required to pay such transition charges. The Commission will ensure that such obligations are undertaken and performed by TCC, any other entity providing electric transmission or distribution services within TCC's certificated service area as of May 1, 1999 and any REP providing services to any retail consumer within such certificated service area.
- 12. **True-Ups.** True-ups of the transition charges, including non-standard true-ups, shall be undertaken and conducted as described in Schedule TC-2. The servicer



Financing Order

Page 76 of 88

shall file the true-up adjustments in a compliance docket and shall give notice of the filing to all parties in this docket.

13. Ownership Notification. Any entity that bills transition charges to retail consumers shall, at least annually, provide written notification to each retail consumer for which the entity bills transition charges that the transition charges are the property of BondCo and not of the entity issuing such bill.

C. Transition Bonds

- 14. **Issuance.** BondCo is authorized to issue transition bonds as specified in this Financing Order. The ongoing qualified costs described in Appendix D may be recovered directly through the transition charges.
- Order, subject to the cap on certain of TCC's securitizable up-front qualified costs as shown on Appendix D to this Financing Order. In the issuance advice letter, TCC will update the SEC registration fee and underwriter's fee if these amounts deviate from those listed in Appendix C as a result of a change in the size of the transition bond issuance or a change in the SEC's formula for calculating the registration fee. The cap on up-front qualified costs does not apply to costs associated with original issue discount or other credit enhancements as discussed in Ordering Paragraph No. 21, or to the costs of refinancing or retiring debt. These costs are not capped by this Financing Order.
- 16. TCC may recover its actual ongoing qualified costs through its transition charges, subject to the caps on the servicing fee as set forth in Appendix D to this Financing Order. The amount of ongoing qualified costs is subject to updating in the issuance advice letter to reflect a change in the size of the transition bond issuance and other information available at the time of submission of the issuance advice letter. Costs associated with original issue discount or other credit enhancements as discussed in Ordering Paragraph No. 21 are not capped by this Financing Order. As provided in Ordering Paragraph No. 28, a servicer, other than TCC, may collect a higher servicing fee than that set forth in Appendix D to

Docket No. 32475 Financing Order Page 77 of 88

this Financing, if such higher rate is approved by the Commission and the indenture trustee.

- 17. **Refinancing.** TCC or any assignee may apply for one or more new financing orders pursuant to PURA § 39.303(g).
- 18. Collateral. All transition property and other collateral shall be held and administered by the indenture trustee pursuant to the indenture as described in TCC's application. BondCo shall establish a collection account with the indenture trustee as described in the application and Findings of Fact Nos. 64 through 72. Upon payment of the principal amount of all transition bonds authorized in this Financing Order and the discharge of all obligations in respect thereof, all amounts in the collection account, including investment earnings, other than amounts in the capital subaccount, shall be released by the indenture trustee to BondCo for distribution in accordance with Ordering Paragraph No. 19. TCC shall notify the Commission within 30 days after the date that these funds are eligible to be released of the amount of such funds available for crediting to the benefit of ratepayers.
- 19. **Distribution Following Repayment.** Following repayment of the transition bonds authorized in this Financing Order and release of the funds held by the trustee, the servicer, on behalf of BondCo, shall distribute to REPs and other entities responsible for collection of transition charges from retail ratepayers, the final balance of the general, excess funds, tranche and all other subaccounts (except the capital subaccount), whether such balance is attributable to principal amounts deposited in such subaccounts or to interest thereon, remaining after all other qualified costs have been paid. The amounts shall be distributed to each REP and other entity that paid Schedule TC-2 transition charges during the last 12 months that the Schedule TC-2 transition charges were in effect. BondCo or its successor in interest to the Transition Property shall, to the extent the capital subaccount is not depleted below its original amount, also distribute to REPs and other entities responsible for collection of transition charges from retail ratepayers any subsequently collected transition charges. The amount paid to each REP or

Docket No. 32475 Financing Order Page 78 of 88

other entity shall be determined by multiplying the total amount available for distribution by a fraction, the numerator of which is the total Schedule TC-2 transition charges paid by the REP or other entity during the last 12 months Schedule TC-2 charges were in effect and the denominator of which is the total Schedule TC-2 transition charges paid by all REPs and other entities responsible for collection of transition charges from retail ratepayers during the last 12 months the Schedule TC-2 transition charges were in effect.

- 20. Funding of Capital Subaccount. The capital contribution by TCC to BondCo to be deposited into the capital subaccount shall, with respect to each series of transition bonds, be funded by TCC and not from the proceeds of the sale of transition bonds. Upon payment of the principal amount of all transition bonds and the discharge of all obligations in respect thereof, all amounts in the capital subaccount, including investment earnings, shall be released to BondCo for payment to TCC. Investment earnings in this subaccount may be released earlier in accordance with the indenture to BondCo for payment to TCC.
- 21. Original Issue Discount, Credit Enhancement. TCC may provide original issue discount or provide for various forms of credit enhancement including letters of credit, an overcollateralization subaccount or other reserve accounts, and surety bonds, and other mechanisms designed to promote the credit quality or marketability of the transition bonds and may enter into hedging or other arrangements to mitigate the risk of an increase in interest rates if floating rate bonds are issued to the extent not prohibited by this Financing Order. The decision to use such arrangements to enhance credit, promote marketability or reduce interest rate risks shall be made in conjunction with the Commission acting through its designated representative or financial advisor. TCC may not enter into an interest-rate swap arrangement. TCC may include the costs of original issue discount, credit enhancements or other arrangements to promote credit quality, marketability or mitigate interest rate risks as qualified costs only if TCC certifies that such arrangements are reasonably expected to provide benefits greater than their cost and such certifications are agreed with by the Commission's designated representative or financial advisor. TCC shall not be required to enter any

Docket No. 32475 Financing Order Page 79 of 88

arrangements to promote credit quality, marketability or mitigate interest rate risks unless all related costs and liabilities can be included in qualified costs. TCC and the Commission's designated representative or financial advisor shall evaluate the relative benefits of the arrangements in the same way that benefits are quantified under the quantifiable benefits test. This Ordering Paragraph does not apply to the collection account or its subaccounts approved in this Financing Order.

- 22. Weighted Average Annual Interest Rate of Bonds. The effective weighted-average annual interest rate of the transition bonds, excluding up-front and ongoing costs, shall not exceed 8.00%.
- 23. **Life of Bonds.** The expected final maturity of the transition bonds authorized by this Financing Order shall not exceed 15 years.
- 24. Amortization Schedule. The Commission approves, and the transition bonds shall be structured to provide, a transition charge that is designed to produce essentially level residential rates over the period of recovery, if the actual year-to-year changes in residential load match the changes forecast at the time the bonds are structured, and uses consistent allocation factors across rate classes, subject to modification in accordance with the true-up mechanisms adopted in this Financing Order.
- 25. Commission Participation in Bond Issuance. The Commission, acting through its designated representative or financial advisor shall participate directly with AEP in negotiations regarding the structuring, pricing, and marketing, and shall have equal rights with AEP to approve or disapprove the proposed structuring, pricing, and marketing of the transition bonds. The Commission's designated representative or financial advisor shall have the right to participate fully and in advance regarding all aspects of the structuring, pricing, and marketing of the transition bonds, and shall be provided timely information that is necessary to fulfill its obligation to the Commission. The Commission directs its designated representative or financial advisor to advise the Commission of any proposal that does not comply in any material respect with the criteria established in this

Financing Order

Page 80 of 88

Financing Order. The Commission's designated representative or financial advisor shall promptly inform TCC and the Commission of any items that, in the designated representative's or financial advisor's opinion, are not reasonable. The Commission's designated representative or financial advisor shall notify TCC and the Commission no later than 12:00 p.m. CST on the business day after the Commission's receipt of the issuance advice letter for each series of transition bonds whether the structuring, marketing, and pricing of that series of transition bonds comply with the criteria established in this Financing Order.

26. Use of BondCo. TCC shall use BondCo, a special purpose transition funding entity as proposed in its application, in conjunction with the issuance of any transition bonds authorized under this Financing Order. BondCo shall be funded with an amount of capital that is sufficient for BondCo to carry out its intended functions and to avoid the possibility that TCC would have to extend funds to BondCo in a manner that could jeopardize the bankruptcy remoteness of BondCo. TCC may create more than one BondCo, in which event the rights, structure and restrictions described in this Financing Order with respect to BondCo would be applicable to each such issuer of transition property to the extent of the transition property sold to it and the transition bonds issued by it.

D. Servicing

27. Servicing Agreement. The Commission authorizes TCC to enter into the servicing agreement with BondCo and to perform the servicing duties approved in this Financing Order. Without limiting the foregoing, in its capacity as initial servicer of the transition property, TCC is authorized to calculate, bill and collect for the account of BondCo, the transition charges initially authorized in this Financing Order, as adjusted from time to time to meet the Periodic Payment Requirements as provided in this Financing Order; and to make such filings and take such other actions as are required or permitted by this Financing Order in connection with the periodic true-ups described in this Financing Order. The servicer shall be entitled to collect servicing fees in accordance with the provisions of the servicing agreement, provided that, as set forth in Appendix D,

Docket No. 32475 Financing Order Page 81 of 88

- (i) the annual servicing fee payable to TCC while it is serving as servicer (or to any other servicer affiliated with TCC) shall not at any time exceed 0.05% of the original principal amount of the transition bonds. The annual servicing fee payable to any other servicer not affiliated with TCC shall not at any time exceed 0.6% of the original principal amount of the transition bonds unless such higher rate is approved by the Commission pursuant to Ordering Paragraph No. 28. The revenues collected by TCC, or by any affiliate of TCC acting as either the servicer or administrator, under the servicing agreement and the administration agreement shall be included as an identified revenue credit and reduce revenue requirements for the ratepayers' benefit in any TCC base rate case. The expenses of acting as the servicer or administrator shall likewise be included as a cost of service in any TCC base rate case.
- 28. Replacement of TCC as Servicer. Upon the occurrence of an event of default under the servicing agreement relating to servicer's performance of its servicing functions with respect to the transition charges, the financing parties may replace TCC as the servicer in accordance with the terms of the servicing agreement. If the servicing fee of the replacement servicer will exceed the applicable maximum servicing fee specified in Ordering Paragraph No. 27, the replacement servicer shall not begin providing service until (i) the date the Commission approves the appointment of such replacement servicer or (ii) if the Commission does not act to either approve or disapprove the appointment, the date which is 45 days after notice of appointment of the replacement servicer is provided to the Commission. No entity may replace TCC as the servicer in any of its servicing functions with respect to the transition charges and the transition property authorized by this Financing Order, if the replacement would cause any of the then current credit ratings of the transition bonds to be suspended, withdrawn, or downgraded.
- 29. Amendment of Agreements. The parties to the servicing agreement, indenture, and sale agreement may amend the terms of such agreements; provided, however, that no amendment to any such agreement shall increase the ongoing qualified costs without the approval of the Commission. Any amendment that does not increase the ongoing qualified costs shall be effective without prior Commission

Financing Order

Page 82 of 88

authorization. Any amendment to any such agreement that may have the effect of increasing ongoing qualified costs shall be provided by BondCo to the Commission along with a statement as to the possible effect of the amendment on the ongoing qualified costs. The amendment shall become effective on the later of (i) the date proposed by the parties to the amendment or (ii) 31 days after such submission to the Commission unless the Commission issues an order disapproving the amendment within a 30-day period.

- 30. **Collection Terms.** The servicer shall remit collections of the transition charges to BondCo or the indenture trustee for BondCo's account in accordance with the terms of the servicing agreement.
- 31. Contract to Provide Service. To the extent that any interest in the transition property created by this Financing Order is assigned, sold or transferred to an assignee, TCC shall enter into a contract with that assignee that requires TCC to continue to operate its transmission and distribution system in order to provide electric services to TCC's customers; provided, however, that this provision shall not prohibit TCC from selling, assigning, or otherwise divesting its transmission and distribution systems or any part thereof so long as the entities acquiring such system agree to continue operating the facilities to provide electric service to TCC's customers.
- 32. **SEC Requirements.** Each REP or other entity responsible for collecting transition charges from retail consumers shall furnish to BondCo or TCC or to any successor servicer information and documents necessary to enable BondCo or TCC or any successor servicer to comply with their respective disclosure and reporting requirements, if any, with respect to the transition bonds under federal securities laws.

E. Retail Electric Providers

33. **REP Billing and Credit Standards.** The Commission approves the REP standards detailed in Finding of Fact Nos. 58 and 59. These proposed REP standards relate only to the billing and collection of transition charges authorized

Docket No. 32475 Financing Order Page 83 of 88

under this Financing Order, and do not apply to collection of any other nonbypassable charges or other charges. The standards apply to all REPs other than REPs that have contracted with TCC to have TCC bill and collect transition charges from retail consumers. REPs may contract with parties other than TCC to bill and collect transition charges from retail consumers, but such REPs shall remain subject to these standards. Upon adoption of any amendment to the rules governing REP standards as set out in P.U.C. SUBST. R. 25.108, the Commission Staff shall initiate a proceeding to investigate the need to modify the standards adopted in this Financing Order to conform to that rule and to address whether each of the rating agencies that have rated the transition bonds will determine that such modifications will not cause a suspension, withdrawal, or downgrade of the ratings on the transition bonds. Modifications to the REP standards adopted in this Financing Order may not be implemented absent prior written confirmation from each of the rating agencies that have rated the transition bonds that such modifications will not cause a suspension, withdrawal, or downgrade of the ratings on the transition bonds. The servicer of the transition bonds shall also comply with the provisions of the REP standards adopted by this Financing Order that are applicable to the servicer.

- 34. Transition Charge Remittance Procedures. Transition charges shall be billed and collected in accordance with the REP standards adopted by this Financing Order. REPs shall be subject to penalties as provided in these standards. A REP shall not be obligated to pay the overdue transition charges of another REP whose customers it agrees to serve.
- 35. Remedies Upon REP Default. A servicer of transition bonds shall have the remedies provided in the REP standards adopted by this Financing Order. If a REP that is in default fails to immediately select and implement one of the options provided in the REP standards or, after making its selection, fails to adequately meet its responsibilities under the selected option, then the servicer shall immediately cause the POLR or a qualified REP to assume the responsibility for the billing and collection of transition charges in the manner and for the time provided in the REP standards.

Docket No. 32475 Financing Order Page 84 of 88

- 36. Billing by POLRs. Every POLR appointed by the Commission shall comply with the minimum credit rating or deposit/credit support requirements described in the REP standards in addition to any other standard that may be adopted by the Commission. If the POLR defaults or is not eligible to provide billing and collection services, the servicer shall immediately assume responsibility for billing and collection of transition charges and continue to meet this obligation until a new POLR can be named by the Commission or the consumer requests the services of a REP in good standing. Retail consumers may never be directly rebilled by the successor REP, the POLR, or the servicer for any amount of transition charges the consumers have paid their REP.
- 37. Disputes. Disputes between a REP and a servicer regarding any amount of billed transition charges shall be resolved in the manner provided by the REP standards adopted by this Financing Order.
- 38. **Metering Data.** If the servicer is providing metering services to a REP's retail consumers, then metering data shall be provided to the REP at the same time as the billing. If the servicer is not providing metering services, the entity providing metering services shall comply with Commission rules and ensure that the servicer and the REP receive timely and accurate metering data in order for the servicer to meet its obligations under the servicing agreement and this Financing Order.
- 39. Charge-Off Allowance. The REP may retain an allowance for charge-offs from its payments to the servicer as provided in the REP standards adopted by this Financing Order.
- 40. **Service Termination.** In the event that the servicer is billing consumers for transition charges, the servicer shall have the right to terminate transmission and distribution service to the end-use consumer for non-payment by the end-use consumer pursuant to applicable Commission rules. In the event that a REP or the POLR is billing consumers for transition charges, the REP or POLR shall have the right to transfer the consumer to the POLR or to another certified REP or to direct the servicer to terminate transmission and distribution service to the end-



Financing Order

Page 85 of 88

use consumer for non-payment by the end-use consumer to the extent permitted by and pursuant to terms and limitations of the applicable Commission rules.

F. Structure of the Securitization

41. **Structure.** TCC shall structure the securitization as proposed in TCC's application. This structure shall be consistent with Findings of Fact Nos. 106 through 109.

G. Use of Proceeds

42. Use of Proceeds. Upon the issuance of transition bonds, BondCo shall pay the net proceeds from the sale of the transition bonds (after payment of transaction costs) to TCC for the purchase price of the transition property. TCC will apply these net proceeds to reduce the debt and/or common equity on its regulatory books.

H. Miscellaneous Provisions

- 43. Continuing Issuance Right. TCC has the continuing irrevocable right to cause the issuance of transition bonds in one or more series in accordance with this Financing Order for a period commencing with the date of this Financing Order and extending 24 months following the latest of (i) the date on which this Financing Order becomes final and no longer subject to any appeal; (ii) the date on which the Commission's final order in Docket No. 31056 becomes final and no longer subject to any appeal; or (iii) the date on which any other regulatory approvals necessary to issue the transition bonds are obtained and no longer subject to any appeal. If at any time during the effective period of this Financing Order there is a severe disruption in the financial markets of the United States, the effective period shall automatically be extended to a date which is not less than 90 days after the date such disruption ends.
- 44. Internal Revenue Service Private Letter or Other Rulings. TCC is not required by this Financing Order to obtain a ruling from the IRS; however, if it elects to do so, then upon receipt, TCC shall promptly deliver to the Commission

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Page 86 of 88

Docket No. 32475 Financing Order

a copy of each private letter or other ruling issued by the IRS with respect to the proposed transaction, the transition bonds or any other matter related thereto. TCC shall also include a copy of every such ruling by the IRS it has received as an attachment to each issuance advice letter required to be filed by this Financing Order. TCC may cause transition bonds to be issued without a private letter ruling if it obtains an opinion of tax counsel sufficient to support the issuance of the bonds.

- 45. **Binding on Successors.** This Financing Order, together with the transition charges authorized in it, shall be binding on TCC and any successor to TCC that provides transmission and distribution service directly to retail consumers in TCC's certificated service area as of May 1, 1999, any other entity that provides transmission or distribution services to retail consumers within that service area, and any successor to such other entity. This Financing Order is also binding on each REP, and any successor, that sells electric energy to retail consumers located within that service area, any other entity responsible for billing and collecting transition charges on behalf of BondCo, and any successor to the Commission. In this paragraph, a "successor" means any entity that succeeds by any means whatsoever to any interest or obligation of its predecessor, including by way of bankruptcy, reorganization or other insolvency proceeding, merger, consolidation, conversion, assignment, pledge or other security, by operation of law or otherwise.
- 46. Flexibility. Subject to compliance with the requirements of this Financing Order, TCC and BondCo shall be afforded flexibility in establishing the terms and conditions of the transition bonds, including the final structure of BondCo, repayment schedules, term, payment dates, collateral, credit enhancement, required debt service, reserves, interest rates (which may include floating or variable interest rates), use of original issue discount, hedges, indices and other financing costs and the ability of TCC, at its option, to cause one or more series of transition bonds to be issued or to create more than one BondCo for purposes of issuing such transition bonds.

Docket No. 32475 Financing Order Page 87 of 88

- 47. **Effectiveness of Order.** This Financing Order is effective upon issuance and is not subject to rehearing by the Commission. Notwithstanding the foregoing, no transition property shall be created hereunder, and TCC shall not be authorized to impose, collect, and receive transition charges, until concurrently with the transfer of TCC's rights hereunder to BondCo in conjunction with the issuance of the transition bonds.
- 48. **Regulatory Approvals.** All regulatory approvals within the jurisdiction of the Commission that are necessary for the securitization of the transition charges associated with the costs that are the subject of the application, and all related transactions contemplated in the application, are granted.
- 49. Payment of Commission's Costs for Professional Services. In accordance with PURA § 39.302(4), TCC shall pay the costs to the Commission of acquiring professional services for the purpose of evaluating TCC's proposed transaction, including, but not limited to, the Commission's outside attorneys' fees in the amounts specified in this Financing Order no later than 30 days after the issuance of any transition bonds.
- 50. Payment of Commission's Financial Advisor. The fee for the Commission's financial advisor shall be a fixed fee payable at closing by wire transfer in the amount established in accordance with the contract entered into by Lane Lanford, the Commission's Executive Director, with the Commission's financial advisor.
- Subchapter G of Chapter 39 of PURA. The Commission finds this Financing Order complies with the provisions of Subchapter G of Chapter 39 of PURA. A financing order gives rise to rights, interests, obligations and duties as expressed in Subchapter G of Chapter 39 of PURA. It is the Commission's express intent to give rise to those rights, interests, obligations and duties by issuing this Financing Order. TCC and the servicer are directed to take all actions as are required to effectuate the transactions approved in this Financing Order, subject to compliance with the criteria established in this Financing Order.

Financing Order

Page 88 of 88

- 52. Further Commission Action. The Commission guarantees that it will act pursuant to this Financing Order as expressly authorized by PURA to ensure that expected transition charge revenues are sufficient to pay on a timely basis scheduled principal and interest on the transition bonds issued pursuant to this Financing Order and other costs, including fees and expenses, in connection with the transition bonds.
- 53. All Other Motions, etc., Denied. All motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief not expressly granted herein, are denied for want of merit.

SIGNED AT AUSTIN, TEXAS the $\frac{2/5 \forall}{}$ day of

PUBLIC UTILITY COMMISSION OF TEXAS

PAUL HUDSON, CHAIRMAN

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Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 92 of 151

DOCKET NO. 32475 FINANCING ORDER

APPENDIX A

SETTLEMENT AGREEMENT

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 5 Page 93 of 151



Austin, Texas 78701-4061 Fax 512.472.9123 vww.bracewellgiuliani.com

May 22, 2006

The Hon. Irene Montelongo Administrative Law Judge Public Utility Commission of Texas 1701 North Congress Avenue Austin, Texas 78701

Re:

Docket No. 32475; Application of AEP Texas Central Company for a Financing

Dear Judge Montelongo:

Enclosed you will find the Settlement Agreement signed by AEP Texas Central Company (TCC), Commission Staff, Office of Public Utility Counsel, Cities, Texas Industrial Energy Consumers, State of Texas, Alliance for Valley Health Care, Commercial Customer Group, and Texas Cotton Ginners' Association (collectively "Signatories").

The undersigned is authorized to represent that First Choice Power, Alliance for Retail Markets, Occidental Power Marketing, LP, CPL Retail Energy, LP, Brownsville Public Utilities Board, and Rio Grande Electric Cooperative, Inc. do not oppose the Settlement Agreement. The City of Houston intervened on the limited issue that the \$5 billion statewide stranded cost threshold should not be contested in this docket, which the Settlement Agreement addresses by providing that that issue will be decided in a separate proceeding to be initiated by Staff.

The major points of the Settlement Agreement are:

The Signatories' agreement to resolve all issues in this case other than: (1) the treatment of deferred federal income taxes (ADFIT) benefits either to be recovered through a competition transition charge (CTC) or as a reduction of the securitized amount to be recovered through a transition charge (TC); (2) the treatment of excess deferred federal income taxes (EDFIT) and accumulated deferred investment tax credits (ADITC) either as a reduction to the costs to be recovered through a CTC or as a reduction to the securitized amount to be recovered through a TC; and (3) all issues related to the quantification of the ADFIT benefits.



The Hon. Irene Montelongo May 22, 2006 Page 2

- The first two issues listed above will be decided in the Financing Order to be issued in this docket, and the third issue will be severed and decided by the Commission in a separate order.
- The amount securitized by TCC will be reduced by \$77 million and by the \$6.3 million interest differential calculated in TCC's pleading to the Commission filed on May 4, 2006.
- The Signatories agree not to appeal the Financing Order issued by the Commission, irrespective of the Commission's decisions on the first two litigated issues listed above, but reserve the right to appeal the separate order quantifying the ADFIT benefits.
- The Signatories propose a "paper hearing" for the three litigated issues, in which
 evidence will be introduced, cross-examination will be waived, and the litigated
 issues briefed.
- The Signatories agree that the issues related to the \$5 billion statewide stranded cost threshold under PURA § 39.253(f) will be litigated in a separate proceeding to be initiated by the Commission Staff.
- The Signatories also resolve certain interclass and jurisdictional allocation issues.

The Settlement Agreement will include as Attachment A the Signatories' Proposed Financing Order, which will incorporate the changes to the Draft Financing Order initially filed by TCC that are appropriate to implement the Signatories' agreements with respect to the securitization. The Signatories are in the process of reviewing the Attachment A, Proposed Financing Order, and expect to file it when their review is completed.

TCC requests that the prehearing conference currently scheduled for May 24, 2006, continue to be held for the purpose of introducing evidence and establishing the procedural schedule for the "paper hearing" for the three unresolved, litigated issues. Further, given the filing of the Settlement Agreement and the fact that the Signatories' proposed "paper hearing" does not contemplate that witnesses appear for questioning, TCC requests that you notify the parties, as soon as it is reasonably possible, whether the Commission intends to require the parties' witnesses to be available at the Hearing on the Merits scheduled to begin on Thursday, May 25, 2006. Such notification would enable the parties to advise their witnesses whether they may avoid the expense and burden of traveling to Austin, in the event the Commission does not intend to convene the Hearing on the Merits in light of the settlement.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 95 of 151



The Hon. Irene Montelongo May 22, 2006 Page 3

In light of the limited scope of the proceeding, it is not apparent that a decision point list is necessary. Accordingly, please advise us whether you still require a decision point list.

If there is any other information that would assist you regarding the matters discussed above, please let us know.

Very truly yours,

Bracewell & Giuliani Ll

Davison W. Grant

DWG/pm Enclosure

cc: All Parties of Record (w/enclosure)

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Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 96 of 151

PUC DOCKET NO. 32475

APPLICATION OF AEP TEXAS § BEFORE THE
CENTRAL COMPANY FOR §
A FINANCING ORDER § PUBLIC UTILITY COMMISSION
§
OF TEXAS

SETTLEMENT AGREEMENT

This Settlement Agreement ("Settlement Agreement") is entered in the captioned proceeding before the Public Utility Commission of Texas ("PUC" or "Commission") by and among AEP Texas Central Company ("AEP-TCC"), Commission Staff, Office of Public Utility Counsel, Texas Industrial Energy Consumers, State of Texas, Cities¹, Commercial Customer Group, Alliance For Valley Healthcare, Brownsville Public Utilities Board, Alliance For Retail Markets, Texas Cotton Ginners' Association, Occidental Power Marketing, LP, CPL Retail Energy, LP, and any other party who elects to sign this Settlement Agreement ("Signatories").

On March 3, 2006, AEP-TCC filed an application in PUC Docket No 32475 for a financing order to securitize stranded costs, including regulatory assets, carrying costs on the stranded costs from October 1, 2005 through the date of issuance of transition bonds, and upfront qualified costs. Several of the Signatories filed direct and rebuttal testimony presenting their respective positions in Docket No. 32475. The Signatories agree to the following terms in settlement of specific issues presented in Docket No. 32475 and all allocation issues related to

¹ Cities of Alamo, Aransas Pass, Bayview, Bay City, Beeville, Bishop, Camp Wood, Carrizo Springs, Charlotte, Crystal City, Corpus Christi, Del Rio, Devine, Dilley, Donna, Eagle Pass, Edinburg, Edna, Ganado, George West, Goliad, Gregory, Harlingen, Indian Lake, Ingleside, Ingleside on the Bay, Jourdanton, Kingsville, Laredo, La Feria, Los Fresnos, Luling, Lyford, Lytle, McAllen, Mathis, Mercedes, Nordheim, Odem, Palmview, Palm Valley, Pharr, Pleasanton, Portland, Port Aransas, Port Lavaca, Poteet, Primera, Rancho Viejo, Raymondville, Refugio, Rio Grande City, Rio Hondo, Sabinal, San Benito, San Juan, Sinton, Smiley, South Padre Island, Taft, Uvalde, Victoria and Weslaco ("Cities").

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67

Attachment 5

Page 97 of 151

Docket No. 32475 and any subsequent proceeding that addresses competition transition charges

("CTCs") or transition charges ("TCs") for the AEP-TCC service territory:

I. Amount To Be Securitized

Subject to the Commission's resolution of the issues listed in Section III.A. to be A.

litigated that affect the amount AEP-TCC will be authorized to securitize, the Signatories agree

to the Commission's issuance of the Financing Order in Attachment A to this Settlement

Agreement. Notwithstanding the outcome of the litigation before the Commission of the issues

listed in Section III.A., the Signatories agree that they will not seek judicial review or otherwise

appeal the Financing Order as issued by the Commission. With the exception of the issues to be

litigated as set forth in Section III.A., changes to reflect the agreements set forth in Sections I and

II herein, and the two modifications recommended by Staff witness Darryl Tietjen in his Direct

Testimony, the Signatories accept the provisions of the draft financing order filed by AEP-TCC

in this case. All issues presented by the parties in Docket No. 32475 that are not settled in this

Settlement Agreement and not addressed in the Financing Order in Attachment A will be decided

by the Commission. The Signatories agree that the issues listed in Section III.B will be decided

by the Commission and severed and placed in an order separate from the Financing Order. Any

party may seek judicial review of the separate order. Any economic result of an appeal from the

separate order will be accounted for in a proceeding to establish or modify the Competition

Transition Charge ("CTC").

B. The Signatories agree that the amount to be securitized will be reduced by an

aggregate amount of \$77 million. This reduction assumes the transition bonds are issued as of

September 1, 2006. Due to updating of carrying costs, the precise amount of the reduction will

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Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023

Item No. 67 Attachment 5

Page 98 of 151

depend on when the transition bonds are actually issued. This amount shall not be recovered

from retail customers through a Transition Charge ("TC"), a CTC, or in any other manner. This

Section I.B. is intended by the Signatories to resolve the issues of: (1) the jurisdictional

allocation factor; (2) carrying costs on the stranded costs from October 1, 2005 through the

issuance date of the transition bonds; (3) the inclusion of excess mitigation credits ("EMCs")

refunded to customers in the amount to be securitized; (4) the treatment of ADFIT in connection

with the calculation of carrying costs on the final fuel balance; and (5) any other issues that are

not specifically listed in Section III as being reserved to be litigated.

C. The agreements in this Settlement do not affect any Signatory's right to pursue

appeals of any issues that it may have appealed or may appeal from the Commission's orders in

Docket No. 22352 and 31056 or the right of any Signatory to argue for appropriate relief in a

remand, if any, by a court of such orders to the Commission. The inclusion of EMCs in the

amount to be securitized does not preclude any party from advocating any remedy in any remand

of the CPL UCOS case by the courts, and does not indicate any Signatory's agreement that the

EMCs are stranded costs.

D. The amount securitized will be also reduced by the interest differential, calculated

by AEP-TCC to be \$6.3 million, as described in its pleading of May 4, 2006 to the Commission.

E. The Signatories agree that all financing order provisions, findings of fact and

conclusions of law affecting the scope of the duties of the Commission's financial advisor shall

be made to conform with any financial advisor contract entered into by Lane Lanford, the

Commission's executive director, for the purpose of providing the Commission financial advice

in this docket.

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Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023

Item No. 67 Attachment 5

Page 99 of 151

In connection with AEP-TCC's use of the proceeds from securitization, AEP-TCC

will investigate the commercial reasonableness of buying back and re-issuing its pollution

control revenue bonds ("PCRBs")and commits to implement the buy back and re-issuance of the

PCRBs if it is commercially reasonable and economical to do so, taking into consideration

factors such as market conditions, AEP-TCC's cash requirements, transactions costs, and AEP-

TCC's ability to obtain favorable legal opinions that give AEP-TCC comfort that there would be

no adverse tax or other legal consequences associated with the buy-back and re-issuance of the

PCRBs.

A.

F.

II. Retail Class and Jurisdictional Allocation Issues

The PURA § 39.253(f) issues concerning the statewide stranded cost total will be

determined in a generic proceeding before the Commission. The parties agree that the

Commission Staff will file a petition to initiate such a generic proceeding on or after June 1,

2006, but no later than June 30, 2006. No party will oppose Staff's right to file such a petition.

However, in the generic proceeding, any party may raise any issue regarding the calculation of

statewide stranded costs under PURA § 39.253(f) and allocation of the amount over \$5 billion.

The Signatories agree that the generic proceeding is a "ratemaking proceeding" under PURA

§ 33.023, and the Signatories agree not to oppose AEP-TCC's recovery of its and Cities'

reasonable and necessary rate case expenses for such proceeding in a subsequent proceeding.

The Signatories will agree to a procedural schedule and support the processing of the proceeding

on Commission Staff's petition with the objective that the proceeding shall be concluded within

150 days after the petition is filed.

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Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67

Attachment 5

Page 100 of 151

B. The amount of EMCs (including interest) refunded by AEP-TCC (\$55,456,664),

which is included in the amount to be securitized, shall be allocated to the customer classes

based upon base rate revenues during the 1999-2000 period.

C. The generation demand allocation factors recommended by Kit Pevoto, which are

discussed at pages 11-16 of her direct testimony filed in Docket No. 32475 on April 17, 2006

and relate solely to the use of the generation-related base rate revenue adjustments rather than the

total base rate revenue adjustments proposed by AEP-TCC, shall be adopted and used.

D. In the CTC case, the capacity auction true-up will be allocated as follows: The

residential class allocation will be based upon a blended allocation which is 31.25% energy

allocator and 68.75% demand allocator. After determining the amount to be allocated to the

residential class, the balance of the capacity auction true-up amount will be allocated to the

remaining customer classes using the demand allocation factor, grossed up to reflect the previous

allocation to the residential class.

E. In the CTC case, allocation of AEP-TCC's fuel over-recovery refund will be

based upon the class-by-class, month-by-month over-/under-collections for fuel by AEP-TCC

during the reconciliation period.

F. In the CTC case, the entire retail clawback will be paid to the residential class.

G. In this proceeding and in any future proceedings resulting from any appeal of the

Commission's true-up order in Docket No. 31056 or in which the CTC is established or modified

in which a jurisdictional allocation is to be applied, including the determination of the

Accumulated Deferred Income Taxes ("ADFIT") benefits in accordance with Section III.B.1.,

the Signatories agree that the Retail jurisdiction allocation factor of 95.837% will be used, except

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Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5

Page 101 of 151

when such modifications relate to costs or benefits that are directly assignable to the retail or

wholesale jurisdiction.

III. Issues To Be Litigated

The following issues are not settled in this Settlement Agreement, but shall be litigated in

this case and shall be submitted to the Commission for a determination through prefiled

testimony, exhibits that are admitted into the record at a prehearing conference, and briefs, but

without cross-examination or any supplementation of the prefiled testimony, subject to the

Commissioners asking questions of the witnesses. In the event the Commission holds an

evidentiary hearing on the merits to ask questions of the Signatories' witnesses, the Signatories

agree that they will not ask the witnesses any questions related to the Commissioners' questions.

A. <u>Issues to Be Litigated and Decided in the Financing Order:</u>

1. The quantification and treatment of the ADFIT benefits either as a reduction to

the costs to be recovered through a CTC or as a reduction to the amount to be securitized and

recovered through a TC. In order to permit the quantification of the ADFIT benefits to be

appealed from the separate order discussed in Sections I.A. and III.B., in the event the

Commission decides to net the ADFIT benefits against the amount securitized, the Signatories

agree that: (a) the amount of ADFIT benefits applied in the netting will be used solely to

numerically set the amount securitized; (b) no Signatory will seek judicial review of or appeal

the Commission's Financing Order based on the decision whether or not to net the ADFIT

benefits; (c) all Signatories reserve the right to seek judicial review of or to appeal issues related

to the quantification of the ADFIT benefits, except as set forth in Section II.G, including the

amount used in the netting calculation, from the separate order to be entered by the Commission

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Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023

> Item No. 67 Attachment 5

Page 102 of 151

in accordance with Sections I.A. and III.B.2.; and (d) parties may submit testimony and briefs in

the CTC proceeding discussing the appropriate procedure to use to implement the Commission's

decision.

2. The treatment of Excess Deferred Federal Income Taxes ("EDFIT") and

Accumulated Deferred Investment Tax Credits ("ADITC") either as a reduction to the costs to be

recovered through a CTC or as a reduction to the amount to be securitized and recovered through

a TC.

B. <u>Issues to Be Litigated and Decided in Separate Order:</u>

1. All issues related to the quantification of the ADFIT benefits, except as set forth

in Section II.G.

IV. No Waiver

By entering this Settlement Agreement, no Signatory waives its right to take any position

in any proceeding as to any issue(s) related to the amount of stranded cost or final true-up

recovery that AEP-TCC may seek in any docket, appeal or any other matter. Each Signatory

specifically reserves, and does not waive, its individual right to file any pleading and/or to

participate in and/or to initiate any proceeding to assert or support such position, unless said

pleading is inconsistent with the settlement points described above.

V. Other Terms and Conditions

After extensive negotiations, the Signatories have reached a compromise and settlement

regarding each of the matters discussed herein. The Signatories agree that this Settlement

Agreement is in the public interest and urge the Commission to adopt a final order consistent

with all the terms hereof. Oral and written statements made during the course of the settlement

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Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023

Item No. 67 Attachment 5 Page 103 of 151

negotiations shall not be used as an admission or concession of any sort or as evidence in this or

any other proceeding. None of the Signatories agrees to the propriety of any regulatory theory or

principle that may be said to underlie any of the issues resolved by this Settlement Agreement.

Because this is a stipulated agreement, the Signatories recognized that no Signatory is under any

obligation to take the same position as set out in this Settlement Agreement in any other docket,

except as specifically required by this Settlement Agreement, whether or not that docket presents

the same or similar circumstances.

VI. No Precedent

Further, since the matters resolved herein are resolved on the basis of compromise and

settlement, the Signatories agree that nothing in this Settlement Agreement should be considered

precedent. This Settlement Agreement reflects a compromise, settlement and accommodation

among the Signatories, and the terms and conditions herein are interdependent. All actions by

the Signatories contemplated or required by this Settlement Agreement are conditioned upon

entry by the Commission of a final and appealable order consistent with this Settlement

Agreement. If the Commission does not accept this Settlement Agreement as presented and

enters an order inconsistent with any term of this Settlement Agreement, any Signatory shall

have the right to withdraw from this Settlement Agreement, which withdrawal shall render the

Settlement Agreement null and void. Any Signatory electing to withdraw from this Settlement

Agreement shall notify all other Signatories in writing of such withdrawal. After the withdrawal,

a new hearing will be held, if requested, and the parties have the right to file new testimony.

This Settlement Agreement is binding on each of the Signatories only for the purpose of settling

the issues herein and for no other purpose.

00**102**

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 104 of 151

VII. Authorization To Sign

Each person executing this Settlement Agreement represents that (s)he is authorized to sign this Agreement on behalf of the party represented.

VIII. Countersigned Originals

This document may be countersigned by each party on separate originals. Each signature shall be treated as if it is an original signature.

By: Name: Davison W. Grant Title: Bracewell & Giuliani LLP Date: May 22, 2006
STAFF OF THE PUBLIC UTILITY COMMISSION OT TEXAS
By:
OFFICE OF PUBLIC UTILITY COUNSEL
By:

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 105 of 151

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VII. Authorization To Sign

Each person executing this Settlement Agreement represents that (s)he is authorized to sign this Agreement on behalf of the party represented.

VIII. Countersigned Originals

This document may be countersigned by each party on separate originals. Each signature shall be treated as if it is an original signature.

AEP TEXAS CENTRAL COMPANY

Date: May ___, 2006

STAFF OF THE PUBLIC UTILITY COMMISSION OT TEXAS

Name Jeffrey T. Pender

Date: May 19, 2006

OFFICE OF PUBLIC UTILITY COUNSEL

Name: James K. Rourke, Jr.
Title: Assistant Public Counsel

Date: May ___, 2006

9

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 5 Page 106 of 151

VII. Authorization To Sign

Each person executing this Settlement Agreement represents that (s)he is authorized to sign this Agreement on behalf of the party represented.

VIII. Countersigned Originals

This document may be countersigned by each party on separate originals. Each signature shall be treated as if it is an original signature.

AEP TEXAS CENTRAL COMPANY

Ву:
Name: Larry W. Brewer Title: Assistant General Counsel, American Electric Power Service Corporation
Date: May, 2006
STAFF OF THE PUBLIC UTILITY COMMISSION OT TEXAS

Title: Date: May ___, 2006

OFFICE OF PUBLIC UTILITY COUNSEL

By: Limes K. Rourke, Jr.
Tyle: Assistant Public Counsel
Date: May 19, 2006

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 107 of 151

CITIES

Name: Steven Porter

Title: Partner, Lloyd Gosslink Blevins

Name: Kenneth Wiseman
Title: Andrews and Kurth LLP

Date: May ___, 2006

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 108 of 151

By:
Date: May, 2006
STATE OF TEXAS
By: By By Bl. Name: Bryan/Baker Title: Date: May 22, 2006
TEXAS INDUSTRIAL ENERGY CONSUMERS
By:
ALLIANCE FOR VALLEY HEALTHCARE

CITIES

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 109 of 151

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Name: Steven Porter Fitle: Partner, Lloyd Gosslink Blevins Rochelle & Townsend, P.C. Date: May, 2006 STATE OF TEXAS By: Name: Bryan Baker Fitle: Date: May, 2006 FEXAS INDUSTRIAL ENERGY
Rochelle & Townsend, P.C. Date: May, 2006 STATE OF TEXAS By: Name: Bryan Baker Fitle: Date: May, 2006
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By: Name: Bryan Baker Title: Date: May, 2006
Title: Date: May, 2006
Title: Date: May, 2006
Title: Date: May, 2006
TEXAS INDUSTRIAL ENERGY
CONSUMERS
By: Le Mital
Vame: Lino Mendiola
Title: Andrews, and Kurth LLP Date: May 22, 2006
ALLIANCE FOR VALLEY
HEALTHCARE
Зу:
Name: Kenneth Wiseman
Date: May, 2006

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 5 Page 110 of 151

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By:
By: Name: Steven Porter
Title: Partner, Lloyd Gosslink Blevin
Rochelle & Townsend, P.C.
Date: May, 2006
STATE OF TEXAS
Den
By: Name: Bryan Baker
Title:
Date: May, 2006
•
TEXAS INDUSTRIAL ENERGY
CONSUMERS
Ву:
Name: Lino Mendiola
Title: Andrews and Kurth LLP
Date: May, 2006

ALLIANCE FOR VALLEY **HEALTHCARE**

Name: Kenneth Wiseman

Title: Andrews and Kurth LLP Date: May 19, 2006

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 111 of 151

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FAX NO.

P. 01/01

By: Name: Alfred R.Herrera Title: Law Offices of Jim Boyle Date: May 19, 2006
BROWNSVILLE PUBLIC UTILITY BOARD
By:
By: Name: Jerry Epps Title: Locke Liddell &Sapp LLC Date: May, 2006
By: Name: Steve Davis Title: Law Offices of Steve Davis
Date: May, 2006

11

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 5 Page 112 of 151

Name: Jerry Epps

Title: Locke Liddell &Sapp LLC Date: May ____, 2006

ALLIANCE FOR RETAIL MARKETS

By:				 ···	
Nam	J. 16.	Steve	Davis		

Title: Law Offices of Steve Davis

Date: May ____, 2006

TEXAS COTTON GINNERS ASSOCIATION

Name Zach Brady

Title: Zachary S. Brady, P.C.

Date: May 2 Z 2006

OCCIDENTAL POWER MARKETING

By: _

Name: Richard Noland

Title: Sutherland Asbill& Brennan LLP

Date: May ____, 2006

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 113 of 151

DOCKET NO. 32475 FINANCING ORDER

APPENDIX B

ISSUANCE ADVICE LETTER

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 114 of 151

PROPOSED FINANCING ORDER
APPENDIX B
Page 1 of 16

FORM OF ISSUANCE ADVICE LETTER

	day,
ADV	/ICE
THE	E PUBLIC UTILITY COMMISSION OF TEXAS
<u>SUB</u>	JECT: ISSUANCE ADVICE LETTER FOR TRANSITION BONDS
Fina COM this s for th	uant to the Financing Order adopted in Application of AEP Texas Central Company for a ncing Order, Docket No. 32475 (the "Financing Order"), AEP TEXAS CENTRAL APANY, ("Applicant") hereby submits, no later than twenty-four hours after the pricing of series of Transition Bonds, the information referenced below. This Issuance Advice Letter is the [BondCo] Transition Bonds series, tranches Any capitalized terms defined in this letter shall have the meanings ascribed to them in the Financing Order.
PUR	RPOSE
This	filing establishes the following:
(a) (b) (c) (d) (e)	the total amount of Qualified Costs being securitized; confirmation of compliance with issuance standards; the actual terms and structure of the Transition Bonds being issued; the initial Transition Charge for retail users; and the identification of the SPE.

QUALIFIED COSTS BEING SECURITIZED

The total amount of Qualified Costs being securitized (the "Securitized Qualified Costs") is presented in Attachment 1.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 115 of 151

PROPOSED FINANCING ORDER
APPENDIX B
Page 2 of 16

COMPLIANCE WITH ISSUANCE STANDARDS

The Financing Order requires Applicant to confirm, using the methodology approved therein, that the actual terms of the Transition Bonds result in compliance with the standards set forth in the Financing Order. These standards are:

- 1. The securitization of Qualified Costs will provide tangible and quantifiable benefits to ratepayers, greater than would be achieved absent the issuance of Transition Bonds (See Attachment 2);
- 2. The amount securitized will not exceed the present value of the conventional financing revenue requirement over the life of the proposed Transition Bonds associated with the Securitized Qualified Costs when the present value calculation is made using a discount rate equal to the proposed interest rate on the Transition Bonds (See Attachment 2);
- 3. The total amount of revenues to be collected under the Financing Order is less than the revenue requirement that would be recovered using conventional financing methods (See Attachment 2);
- 4. The Transition Bonds will be issued in one or more series comprised of one or more tranches having target final maturities of 1_ years and legal final maturities not exceeding 15 years from the date of issuance of such series (See Attachment 3);
- 5. The structuring and pricing of the Transition Bonds is certified by the Applicant to result in the lowest transition bond charges consistent with market conditions and the terms (including the amortization structure ordered by the Commission, if any) set out in the Financing Order (See Attachment 4).

PROPOSED FINANCING ORDER
APPENDIX B
Page 3 of 16

ACTUAL TERMS OF ISSUANCE

Transition Bond Series:	
Transition Bond Issuer: [Be	ondCo]
Trustee:	
Closing Date:	, 2006
Bond Ratings: S&P AAA,	Fitch AAA, Moody's Aaa
Amount Issued: \$	<u> </u>
Transition Bond Issuance C	Costs: See Attachment 1, Schedule B.
Transition Bond Support an	nd Servicing: See Attachment 2, Schedule B

Tranche	Coupon Rate	Expected Final Maturity	Legal Final Maturity
A-1	%	_/_/_	//
A-2	%	//	_/_/
A-3	%	_/_/_	//
A-4	%	_/_/	_/_/_
A-5	%		

Effective Annual Weighted Average Interest Rate	%	
of the Transition Bonds:		
Life of Series:	years	
Weighted Average Life of Series:	years	
Call provisions (including premium, if any):		
Target Amortization Schedule:	Attachment 2, Schedule	
Target Final Maturity Dates:	Attachment 2, Schedule A	
Legal Final Maturity Dates:	Attachment 2, Schedule A	
Payments to Investors:	Semiannually Beginning, 2007	
Initial annual Servicing Fee as a percent of original Transition Bond principal balance:	0.05%	

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 117 of 151

PROPOSED FINANCING ORDER
APPENDIX B
Page 4 of 16

INITIAL TRANSITION CHARGE

Table I below shows the current assumptions for each of the variables used in the calculation of the initial Transition Charges.

TABLE I				
Input Values For Initial Transition Charges				
Applicable period: from, to,	_			
Forecasted retail kWh/kW sales for the applicable period:				
Transition Bond debt service for the applicable period:	\$			
Percent of billed amounts expected to be charged-off:	%			
Forecasted % of Billings Paid in the Applicable Period:	%			
Forecasted retail kWh/kW sales billed and collected for the applicable period:	· .			
Forecasted annual ongoing transaction expenses (Excluding Transition Bond principal and interest):	\$			
Current Transition Bond outstanding balance:	\$			
Target Transition Bond outstanding balance as of/_/_:	\$			
Total Periodic Billing Requirement for applicable period:	\$			

Allocation of the PBR among customer classes: See Attachment 3.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 118 of 151

PROPOSED FINANCING ORDER
APPENDIX B
Page 5 of 16

Based on the foregoing, the initial Transition Charges calculated for retail users are as follows:

TABLE II		
Rate Class	Initial Transition Charge	
Residential	\$/kWh	
Commercial and Small Industrial - Energy	\$/kWh	
Commercial and Small Industrial - Demand	\$/kW or kVa	
Large Industrial - Firm	\$/kW or kVa	
Large Industrial - Non-Firm	\$/kW or kVa	
Standby - Firm	\$/kW or kVa	
Standby - Non-Firm	\$/kW or kVa	
Municipal and Cotton Gin	\$/kWh	

IDENTIFICATION OF SPE

The owner of the Transition Property (the "SPE") will be: [BondCo].

EFFECTIVE DATE

In accordance with the Financing Order, the Transition Charge shall be automatically effective upon the Applicant's receipt of payment in the amount of \$______ from [BondCo], following Applicant's execution and delivery to [BondCo] of the Bill of Sale transferring Applicant's rights and interests under the Financing Order and other rights and interests that will become Transition Property upon transfer to [BondCo] as described in the Financing Order.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 119 of 151

PROPOSED FINANCING ORDER
APPENDIX B
Page 6 of 16

NOTICE

Copies of this filing are being furnished to the parties on the attached service list. Notice to the public is hereby given by filing and keeping this filing open for public inspection at Applicant's corporate headquarters.

AUTHORIZED OFFICER

The undersigned is an officer of Applicant and authorized to deliver this Issuance Advice Letter on behalf of Applicant.

Respectfully submitted,

Title: _____

AEP TEXAS CENTRAL COMPANY

By:
Name:

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 120 of 151

PROPOSED FINANCING ORDER
APPENDIX B
Page 7 of 16

ATTACHMENT 1 SCHEDULE A CALCULATION OF SECURITIZED QUALIFIED COSTS¹

Securitized Amount as of September 1, 2006 before up-	
front qualified costs	\$1,696,620,385
Estimated up-front qualified costs of issuing, supporting	
and servicing the transition bonds and costs of retiring or	
refunding existing debt (Attachment 1, Schedule B)	
Carrying cost adjustment if the transition bonds are issued	
other than on September 1, 2006	
TOTAL SECURITIZED QUALIFIED COSTS	\$

¹ Refer to the attached workpapers.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 121 of 151

PROPOSED FINANCING ORDER
APPENDIX B
Page 8 of 16

ATTACHMENT 1 SCHEDULE B ESTIMATED UP-FRONT QUALIFIED COSTS

Debt Retirement Transaction Costs	\$
Cost of Swaps and Hedges and other Credit Enhancements	\$
Original Issuance Discount	\$
Underwriters' Fees	\$
Rating Agency Fees	\$
SEC Registration Fee	\$
Fee for Commission's Financial Advisor	\$
Legal Fees/Exp for Company's/Issuer's Counsel and Underwriters' Cousel	\$
Fee for Company's Financial Advisor	\$
Printing/Edgarizing and Marketing Expenses	\$
Securitization Proceeding Expenses	\$
Miscellaneous Administrative Costs	\$
Accountant's/Auditors Fees	\$
Servicer Set-up and other Internal Costs	\$
SPE Setup costs	\$
Trustee's/Trustee's Counsel Fees and Expenses	\$
Legal Fees for Commission's Counsel	\$
TOTAL UP-FRONT COSTS SECURITIZED	\$

Note: Any difference between the Estimated Up-front Qualified Costs securitized and the actual up-front costs incurred will be resolved through the true-up process described in the Financing Order.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 122 of 151

PROPOSED FINANCING ORDER APPENDIX B Page 9 of 16

ATTACHMENT 2 SCHEDULE A TRANSITION BOND REVENUE REQUIREMENT INFORMATION

SERIES , TRANCHE					
Payment Date	Principal Balance	Interest	Principal	Total Payment	
	\$	\$	\$		
<u>_</u>					

Payment Date	Principal Balance	RIES , TRANCHE Interest	Principal	Total Payment
	\$	\$	\$	

SERIES , TRANCHE					
Payment Date	Principal Balance	Interest	Principal	Total Payment	
	\$	_\$	\$		
	· · · · · · · · · · · · · · · · · · ·				

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 123 of 151

PROPOSED FINANCING ORDER APPENDIX B Page 10 of 16

		I age IV of IV
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<u>SERIES</u> , TRANCHE				
Payment Date	Principal Balance	Interest	Principal	Total Payment
	\$	\$	\$	
				· · · · · · · · · · · · · · · · · · ·

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 124 of 151

PROPOSED FINANCING ORDER
APPENDIX B
Page 11 of 16

ATTACHMENT 2 SCHEDULE B ONGOING QUALIFIED COSTS

	ANNUAL AMOUNT
Ongoing Servicer Fee (TCC as Servicer) (0.05% of principal amount)	\$
Administration Fees and Expenses	\$
Accountants' Fee	\$
Ongoing Costs of Credit Enhancement (other than Collection Account)	\$
Ongoing Costs of Swaps and Hedges	\$
Legal Fees/Expenses for Company's/Issuer's Counsel	\$
Trustee's/Trustee's Counsel Fees and Expenses	\$
Independent Managers' Fee	\$
Rating Agency Fees	\$
Printing and Filing Expenses	\$
Miscellaneous	\$
TOTAL ONGOING QUALIFIED COSTS (with TCC as servicer)	\$
Ongoing Servicer Fee (Third Party as Servicer) (0.60% of principal amount)	\$
TOTAL ONGOING QUALIFIED COSTS (Third Party as Servicer)	\$

Note: The amounts shown for each category of operating expense on this attachment are the expected expenses for the first year of the transition bonds. Transition charges will be adjusted at least annually to reflect any changes in Ongoing Qualified Costs through the true-up process described in the Financing Order.

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 5 Page 125 of 151

> PROPOSED FINANCING ORDER APPENDIX B Page 12 of 16

ATTACHMENT 2 SCHEDULE C CALCULATION OF TRANSITION CHARGES

Year	Transition Bond Payments ²	Ongoing Costs ³	Total Nominal Transition Charge Requirement ⁴	Present Value of Transition Charges ⁵
1	\$	\$	\$	
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
Total				

² From Attachment 2, Schedule A.

From Attachment 2, Schedule B.
 Sum of transition bond payments and ongoing costs.
 The discount rate used is the weighted average effective annual interest rate of the transition bonds.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 126 of 151

PROPOSED FINANCING ORDER
APPENDIX B
Page 13 of 16

ATTACHMENT 2 SCHEDULE D COMPLIANCE WITH SUBCHAPTER G OF THE UTILITIES CODE

TANGIBLE & QUANTIFIABLE BENEFITS AND REVENUE REQUIREMENTS TESTS:6

·	Conventional Financing Through Competition Transition Charge (CTC) ⁷	Securitization Financing ⁸	Savings/(Cost) of Securitization Financing
Nominal	\$	\$	\$
Present Value	\$	\$	\$

⁸ From Attachment 2, Schedule D.

⁶ Calculated in accordance with the methodology used in Appendix D to the Financing Order.

⁷ CTC carrying cost at _____% and CTC term of _____ years as provided in Financing Order. The discount rate used is the weighted average effective annual interest rate of the transition bonds.

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 5 Page 127 of 151

> PROPOSED FINANCING ORDER APPENDIX B Page 14 of 16

ATTACHMENT 3

INITIAL ALLOCATION OF COSTS TO TC2 CLASSES

(1)	(2)	(3)	(4) Billing Requirement per	(5)	(6) Transition
TC2 Class	PBRAF ⁹	Periodic Billing Requirement ¹⁰	TC2 Class (2)*(3)	Forecasted Billing Determinants	Charge (4)/(5)
Residential	%	\$	\$	Dining Determinate	\$/kWh
Commercial and Small Industrial - Energy	%				\$/kWh
Commercial and Small Industrial - Demand	%				\$/kW or kVa
Large Industrial - Firm	%				\$/kW or kVa
Large Industrial - Non- Firm	%				\$/kW or kVa
Standby - Firm	%				\$/kW or kVa
Standby - Non-Firm	%				\$/kW or kVa
Municipal and Cotton Gin	%				\$/kWh

Total 100.0000%

 $^{^{9}}$ Determined in accordance with the methodology in Schedule TC2. $^{10}\,$ Table I

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 128 of 151

PROPOSED FINANCING ORDER
APPENDIX B
Page 15 of 16

ATTACHMENT 4 FORM OF APPLICANT'S CERTIFICATION

[AEP Letterhead]	Date:	, 2006	
Public Utility Commission of Texas 1701 N. Congress Ave. P.O. Box 13362 Austin, TX 78711-3326			
[Commission's Financial Advisor]			
Re: Application of AEP Texas Central Comp	oany for a Financing	g Order, Docket No.	. 32475
AEP TEXAS CENTRAL COMPANY (the Ordering Paragraph No. [4] of the Finance Company for a Financing Order, Docket N terms not defined in this letter shall have the	cing Order in <i>App</i> No. 32475 (the "Fin	lication of AEP To ancing Order"). A	exas Central ll capitalized
In its issuance advice letter dated particulars of the Transition Bonds:	, 2006, the App	licant has set forth t	the following
Name of Transition Bonds: SPE: [BondCo] Closing Date:, 2006 Amount Issued: \$ Expected Amortization Schedule: See Attac Distributions to Investors (quarterly or semi Weighted Average Coupon Rate:% Weighted Average Yield:%	chment 2, Schedule	A to the Issuance Ad	dvice Letter
The following actions were taken in of the bonds: <insert actions="" actually="" here="" taken=""></insert>	connection with th	e design, structurinį	g and pricing
Based upon information reasonably available the Applicant hereby certifies that the str described in the issuance advice letter, will rewith market conditions and the terms of	ructuring and pricing esult in the lowest t	ng of the Transitic ransition bond charg	on Bonds, as ges consistent

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 129 of 151

PROPOSED FINANCING ORDER
APPENDIX B
Page 16 of 16

structure, if any, ordered by the Commission), all within the meaning of Section 39.301 of PURA.

AEP TEXAS CENTRAL COMPANY

By:	
Name:	
Title:	

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 130 of 151

DOCKET NO. 32475 FINANCING ORDER

APPENDIX C

SCHEDULE TC-2

< 129</pre>

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX C

Applicable:

Entire System

Page 1 of 17

Chapter:

6

Section:

6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date:

Cycle 01 September 2006

6.1.1.12 **Transition Charge-2 Rates – Schedule TC-2**

DEFINITIONS

For the purposes of this schedule the following terms shall have the following meanings:

Company - AEP Texas Central Company and its successors and assigns that provide transmission or distribution service directly to customers taking service at facilities, premises, or loads located within the Service Area.

Financing Order - the Financing Order issued by the Public Utility Commission of Texas (Commission) in Docket No. 32475 under Subchapter G of Chapter 39 of the Texas Public Utility Regulatory Act (PURA) providing for the issuance by the SPE of transition bonds (Transition Bonds) to securitize the amount of qualified costs (Qualified Costs) determined by the Commission in such order.

Non-Eligible Self-Generation (NESG) - new on-site generation as defined in PURA § 39.252(b) which materially reduces or reduced customer loads on the Company's transmission and distribution system, unless excluded under PURA § 39.262(k) and any rules adopted by the Commission pursuant thereto.

Retail Electric Provider (REP) - the entity which serves the customer's energy needs, and will remit to the Servicer the Transition Charges billed in accordance with this schedule.

Service Area – the Company's certificated service area as it existed on May 1, 1999.

Servicer - on the effective date of this tariff, the Company shall act as Servicer. However, the Special Purpose Entity (SPE) may select another party to function as Servicer or the Company may resign as Servicer in accordance with terms of the Servicing Agreement and Financing Order issued in Docket No.32475. A Servicer selected under these conditions shall assume the obligations of the Company as Servicer under this schedule. As used in this schedule, the term Servicer includes any successor Servicer.

Special Purpose Entity (SPE) – the owner of Transition Property, on behalf of whom the TC-2s are collected.

Transition Charge-2 (TC-2s) - a non-bypassable charge computed on the basis of individual end-use retail customer consumption, except for TC-2s applicable to NESG for which charges are based on the output of the on-site generation.

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 5 Page 132 of 151

AEP TEXAS CENTRAL COMPANY

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX C

Applicable: **Entire System** Page 2 of 17

Chapter:

Section:

6.1.1

Section Title: Delivery System Charges

Revision:

Original

Effective Date:

Cycle 01 September 2006

6.1.1.12 Transition Charge-2 Rates – Schedule TC-2

(a) For customers whose facilities, premises, and loads are subject to TC-2s billed and collected pursuant to the Transition Charge-2 Rates (TC-2 Rates) under this schedule, the TC-2s shall constitute a separate charge.

(b) The assessment of TC-2s will be separately identified on the bills sent to REPs.

APPLICABILITY

This schedule, along with Rider TC-2, sets out the rates, terms and conditions under which TC-2s shall be billed and collected by the Company, any successor Servicer(s), any REP(s) and any other entity(ies) responsible for billing or collecting transition charges on behalf of the owner of Transition Property pursuant to the terms of the Financing Order or this tariff. This schedule is applicable to energy consumption and demands of retail customers taking transmission and/or distribution service from the Company and to facilities, premises and loads of such retail customers.

This schedule also applies to:

- Retail customers taking service at facilities, premises, or loads located within the Service Area who are not presently receiving transmission and/or distribution service from the Company, but whose present facilities, premises, or loads received transmission and/or distribution service from the Company at any time on or after May 1, 1999 when a request to change service to another utility was not pending as of that date.
- Retail customers located within the Service Area and prior retail customers of the Company who are served by new NESG.
- Public retail customers located within the Service Area who purchase power from the 3. General Land Office under PURA § 35.102.

This schedule does not apply to the facilities, premises, and loads of customers described above who begin taking service from Sharyland Utilities L.P. pursuant to the Commission Order in Docket No. 20292.

Individual end-use customers are responsible for paying TC-2s billed to them in accordance with the terms of this schedule. Payment is to be made to the entity that bills the customer in accordance with the terms of the Servicing Agreement and the Financing Order, which entity may be the Company, a successor Servicer, a REP, an entity designated to collect TC-2s in place of the REP, or other entity which may be required to bill or collect the TC-2s. The REP, an

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX C

Applicable:

Entire System

Page 3 of 17

Chapter:

Section:

6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date:

Cycle 01 September 2006

6.1.1.12 Transition Charge-2 Rates - Schedule TC-2

entity designated to collect TC-2s in place of the REP, or another entity which is required to bill or collect the TC-2s will pay the TC-2s to the Servicer, whether they collect the TC-2s from their customers. The Servicer will remit collections to the SPE in accordance with the terms of the Servicing Agreement.

TERM

This schedule shall remain in effect until TC-2s have been collected and remitted to the SPE which are sufficient in amount to satisfy all obligations of the SPE in regard to paying principal and interest on the Transition Bonds together with all other qualified costs as provided in PURA § 39.302(4). However, in no event shall the TC-2s provided for in this schedule be collected for service rendered after 15 years from issuance of the Transition Bonds. TC-2s for service rendered during the 15-year period following issuance of the Transition Bonds pursuant to the Financing Order, but not collected during that 15-year period, may be collected after the 15-year period. This schedule is irrevocable and non-bypassable for the full term during which it applies.

RATE CLASSES

For the purposes of billing TC-2s, each retail end-use customer shall be designated as a customer in one of the following eight customer classes. A new customer shall be assigned to the appropriate customer class based on anticipated usage characteristics.

Residential - This service is applicable to customers consisting of individual private dwellings and individually metered apartments. In addition, security or flood lighting services provided on residential customer's premises shall be included in this rate class.

Commercial and Small Industrial - Energy - This service is applicable to nonresidential customers (1) with annual maximum measured demands less than 12,500 kVa and (2) whose current rate class for the purpose of transmission and distribution usage is billed without any demand charges. In addition, security or flood lighting services provided on applicable end-use customer's premises shall be included in this rate class.

Commercial and Small Industrial - Demand - This service is applicable to nonresidential customers (1) with annual maximum measured demands less than 12,500 kVa and (2) whose current rate class for the purpose of transmission and distribution usage requires a demand meter.

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

Section:

APPENDIX C

Applicable:

Entire System

Chapter:

Original

6.1.1

Page 4 of 17

Revision:

Section Title: Delivery System Charges

Effective Date:

Cycle 01 September 2006

6.1.1.12 **Transition Charge-2 Rates - Schedule TC-2**

Large Industrial - Firm - This service is applicable to non-residential customers taking non-interruptible service with annual maximum measured demands equal to 12,500 kVa or more whose service is provided to the entire premises at not less than 60,000 volts.

Standby - Firm - This service is applicable to non-residential customers taking non-interruptible standby service when such service may be substituted, either directly or indirectly, for customer-owned and operated power production equipment.

Standby - Non-Firm - This service is applicable to non-residential customers whose service is provided to the entire premises at not less than 60,000 volts who are taking as-available standby service when such service may be substituted, either directly or indirectly, for customer-owned and operated power production equipment not held primarily for emergency use.

Large Industrial - Non-firm - This service is applicable to non-residential customers taking interruptible service with annual maximum measured demands equal to 12,500 kVa or more whose service is provided to the entire premises at not less than 60,000 volts. In addition, this service is applicable to customers whose service is provided to the entire premises at not less than 60,000 volts and who have self-generation capability equal to or greater than 25,000 kW and who purchase a minimum of 25,000 kW as Standby - Firm service for that portion of the customer's load which displaces, in total or in part, the customer's selfgenerating capability.

Municipal and Cotton Gin - This service is applicable to municipalities, other utilities, and other public agencies for electric service for the operation of water supply, sewage, and/or drainage systems serving the general public supplied at one point of delivery and measured by one meter. In addition, this service is applicable to political subdivisions and eleemosynary institutions for traffic lighting, flood lighting and street lighting service on public streets and highways, in public areas, and upon the grounds of public schoolyard or educational institutions not organized for profit. This service is further applicable to all electric service other than lighting service furnished to cotton gins.

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE APPENDIX C

Applicable: **Entire System** Page 5 of 17

Chapter:

6

Section:

6.1.1

Section Title: Delivery System Charges

Revision:

Original

Effective Date:

Cycle 01 September 2006

6.1.1.12 Transition Charge-2 Rates – Schedule TC-2

PERIODIC BILLING REQUIREMENT ALLOCATION FACTORS

The following Periodic Billing Requirement Allocation Factors (PBRAF) to be used in the calculation of the TC-2 Rates are calculated using the methods approved by the Commission in the Financing Order. The PBRAFs shall be the percentage of cost responsibility for each Transition Charge-2 customer class.

Transition Charge 2 Class	PBRAF
Residential	37.9223%
Commercial and Small Industrial – Energy	22.7030%
Commercial and Small Industrial – Demand	29.3208%
Large Industrial – Firm	2.3472%
Large Industrial – Non-Firm	3.0711%
Standby – Firm	1.5051%
Standby – Non-Firm	0.4022%
Municipal and Cotton Gin	2.7283%

ADJUSTMENT TO PBRAFS

The methodology used to allocate qualified costs and determine TC-2s shall not be changed except in the limited circumstance described in this paragraph. If, but only if, the total retail stranded costs (determined pursuant to PURA § 39.253) on a statewide basis exceed \$5 billion, then the Qualified Costs attributable to the Company's share of the statewide stranded costs in excess of \$5 billion shall be reallocated using the allocation methodology prescribed in PURA § 39.253(f). The Company's share of the statewide stranded costs in excess of \$5 billion shall be determined by multiplying (i) the percentage obtained by dividing the Company's total stranded costs (determined pursuant to PURA § 39.253(f)) by the total statewide stranded costs (determined pursuant to PURA § 39.253(f)) by (ii) the amount by which the total statewide stranded costs (determined pursuant to PURA § 39.253(f)) exceed \$5 billion. The Company shall file the adjustments required herein, within 45 days after the Commission issues any order determining a utility's stranded costs or regulatory assets that causes the total statewide stranded cost (determined pursuant to PURA § 39.253(f)) to exceed \$5 billion or changes the amount by which the total statewide stranded costs (determined pursuant to PURA § 39.253(f)) exceed \$5 billion. Any changes in TC-2s resulting from a change in the PBRAFs under this section shall be made prospectively from the date of the Commission's order approving the adjusted PBRAFs. No change in PBRAFs shall cause the sum of all PBRAFs to be more than or less than 100% or change the total Periodic Billing Requirement for any period. TC-2s for services rendered prior to such effective date will not be changed.

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 5 Page 136 of 151

AEP TEXAS CENTRAL COMPANY

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX C

Applicable: **Entire System**

Original

Page 6 of 17

Chapter:

Section:

Section Title: Delivery System Charges

Revision:

Effective Date:

Cycle 01 September 2006

6.1.1.12 Transition Charge-2 Rates - Schedule TC-2

6.1.1

DETERMINATION OF TRANSITION CHARGE-2 (TC-2) RATES

TC-2 Rates will be adjusted no less frequently than annually in order to ensure that the expected collection of TC-2s is adequate to pay when due, pursuant to the expected amortization schedule, principal and interest on the Transition Bonds and pay on a timely basis other Qualified Costs. The TC-2 Rates shall be computed by multiplying the PBRAFs times the Periodic Billing Requirement (PBR) for the projected TC-2 period, and dividing such amount by the billing units of the TC-2 customer class, as shown in the following formula:

TC-2_c = $[(PBR * PBRAF_c) + P_c]/ FBU_c$

where,

TC-2_c Transition Charge-2 Rate applicable to a TC-2 rate class during the

TC-2 Period;

PBR Periodic Billing Requirement for the TC-2 Period;

 $PBRAF_c =$ The Periodic Billing Requirement Allocation Factor for such class

in effect at such time;

 P_{c} Prior period over-/under-recovery for such class;

FBU_c Forecasted Billing Units (i.e., class-specific energy or demand

billing units) currently forecast for a class for the TC-2 period.

STANDARD AND INTERIM TRUE-UP PROCEDURE

Not less than 15 days prior to the first billing cycle for the Company's [September] billing month, and no less frequently than annually, the Servicer shall file a revised Rider TC-2 setting forth the upcoming TC-2 period's TC-2 Rates (Adjusted TC-2 rates), complete with all supporting materials. The Adjusted TC-2 Rates will become effective on the first billing cycle of the Company's [September] billing month. The Commission will have 15 days after the date of the true-up filing in which to confirm the accuracy of the of the Servicer's adjustment. Any necessary corrections to the Adjusted TC-2 Rates, due to mathematical errors in the calculation of such rates or otherwise, will be made in a future true-up adjustment filing.

In addition to the annual true-up adjustments described above, interim true-up adjustments may be made more frequently by the Servicer at any time during the term of the transition bonds to

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 5 Page 137 of 151

AEP TEXAS CENTRAL COMPANY

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX C

Applicable: **Entire System** Page 7 of 17

Chapter:

6

Section:

Section Title: Delivery System Charges

Revision:

Original

Effective Date:

Cycle 01 September 2006

6.1.1.12 Transition Charge-2 Rates - Schedule TC-2

6.1.1

correct any undercollection or overcollection, as provided for in the Financing Order, in order to assure timely payment of the Transition Bonds based on rating agency and bondholder considerations. In addition to the foregoing, either of the following two conditions may result in an interim true-up adjustment in the month prior to an upcoming Transition Bond principal payment date: (A) the Servicer determines that collections of TC-2s for the upcoming payment date would result in a difference that is greater than 5% in absolute value, between (i) the actual outstanding principal balances of the Transition Bonds plus amounts on deposit in the reserve subaccount and (ii) the outstanding principal balances anticipated in the target amortization schedule; or (B) to meet a rating agency requirement that any tranche of Transition Bonds be paid in full by the expected maturity date. The interim true-up adjustment will be filed not less than 15 days prior to the following month's first billing cycle for implementation. Filing with and review by the Commission will be accomplished for the interim true-up adjustment in the same manner as for the annual true-up adjustment set forth above. In no event will such interim true-up adjustments occur more frequently than every three months if quarterly Transition Bond payments are required or every six months if semi-annual Transition Bond payments are required; provided, however, that interim true-up adjustments for any Transition Bonds remaining outstanding during the fourteenth and fifteenth year after the bonds are issued may occur quarterly.

NON-STANDARD TRUE-UP PROCEDURE

In the event that the forecasted billing units for one or more of the Transition Charge-2 customer classes for an upcoming period decreases by more than 10% of the threshold billing units set forth in the Financing Order, the Servicer shall make a non-standard true-up filing at least 90 days before the effective date of the next annual true-up adjustment. The true-up shall be conducted in the following manner. The Servicer shall:

- allocate the upcoming period's Periodic Billing Requirement based on the (a) PBRAFs approved in the Financing Order;
- (b) calculate undercollections or overcollections from the preceding period in each class by subtracting the previous period's transition charge revenues collected from each class from the Periodic Billing Requirement determined for that class for the same period;
- (c) sum the amounts allocated to each customer class in steps (a) and (b) above to determine an adjusted Periodic Billing Requirement for each customer class;

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 5 Page 138 of 151

AEP TEXAS CENTRAL COMPANY

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX C

Applicable:

Entire System

Chapter:

6

Section:

Page 8 of 17

Section Title: Delivery System Charges

Revision:

Original

Effective Date:

Cycle 01 September 2006

6.1.1.12 Transition Charge-2 Rates – Schedule TC-2

6.1.1

- (d) divide the Periodic Billing Requirement for each customer class by the maximum of the forecasted billing units or the threshold billing units for that class, to determine the threshold rate;
- (e) multiply the threshold rate by the forecasted billing units for each class to determine the expected collections under the threshold rate;
- (f) allocate the difference in the adjusted Periodic Billing Requirement and the expected collections calculated in step (e) among the transition charge-2 customer classes using the PBRAFs approved in this Financing Order;
- add the amount allocated to each class in step (f) above to the expected (g) collection amount by class calculated in step (e) above to determine the final Periodic Billing Requirement for each class; and
- divide the final Periodic Billing Requirement for each class by the (h) forecasted billing units to determine the transition charge-2 rate by class for the upcoming period.

A proceeding for the purpose of approving a non-standard true-up should be conducted in the following manner:

- The Servicer will make a "non-standard true-up filing" with the (a) Commission at least 90 days before the effective date of the proposed trueup adjustment. The filing will contain the proposed changes to the TC-2 Rates, justification for such changes as necessary to specifically address the cause(s) of the proposed non-standard true-up, and a statement of the proposed effective date.
- (b) Concurrently with the filing of the non-standard true-up with the Commission, the servicer will notify all parties in Docket No. _____ of the filing of the proposal for a non-standard true-up.
- The Servicer will issue appropriate notice and the Commission will (c) conduct a contested case proceeding on the non-standard true-up proposal pursuant to PURA § 39.003.

The scope of the proceeding will be limited to determining whether the proposed adjustment complies with the Financing Order. The Commission will issue a final order by the proposed effective date stated in the non-standard true-up filing. In the event that the Commission cannot

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX C

Applicable:

Entire System

6.1.1

Page 9 of 17

Chapter:

Section Title: Delivery System Charges

Revision:

Original

Effective Date:

Cycle 01 September 2006

6.1.1.12 Transition Charge-2 Rates – Schedule TC-2

issue an order by that date, the Servicer will be permitted to implement its proposed changes. Any modifications subsequently ordered by the Commission will be made by the Servicer in the next true-up filing.

BILLING AND COLLECTION TERMS AND CONDITIONS

Section:

The billing and collection of TC-2s may differ as set forth in this schedule. The terms and conditions for each party are set forth below:

A. Billings by Servicer to other electric utilities, municipally owned utilities, and cooperatives:

- 1. Applicable to former retail customers of the Company in multiply certificated service areas now taking service from other electric utilities, municipally owned utilities, or cooperatives or through REPs served from other electric utilities, municipally owned utilities, or cooperatives.
- 2. Charges subject to this tariff must be paid in full by the other electric utility, municipally owned utility, or cooperative to the Servicer 35 days after billing by the Servicer regardless of whether the electric utility, municipally owned utility, or cooperative collects such charges from the end-use retail customer or from the REP, if applicable.

B. Billings by Servicer to NESG:

- 1. Applicable to end-use consumption served by on-site non-eligible self generation. The TC-2s applicable to NESG are in addition to the applicable Transition Charges under A above or C below.
- 2. Payment terms pursuant to the Commission's rules.
- 3. Rate class determined by summing loads on the transmission and distribution system with loads served by non-eligible generation.
- 4. Servicer has the right to terminate for non-payment pursuant to the Commission's rules.

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX C

Applicable:

Entire System

Page 10 of 17

Chapter:

Revision:

6

Section:

Section Title: Delivery System Charges

Original

Effective Date:

Cycle 01 September 2006

6.1.1.12 Transition Charge-2 Rates – Schedule TC-2

6.1.1

C. Billings by the REP or its Replacement to End-Use Customers:

- 1. Applicable to consumption of all retail end-use customers served by the REP for which TC-2s apply, including applicable former customers and NESG, under the following conditions:
- 2. REPs shall provide the Servicer with full and timely information necessary to provide proper reporting and for billing and true-up adjustments.
- 3. Each REP must (1) have a long-term, unsecured credit rating of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively, or (2) provide (A) a deposit of two months' maximum expected Transition Charge-2 collections in the form of cash, (B) an affiliate guarantee, surety bond, or letter of credit providing for payment of such amount of Transition Charge-2 collections in the event that the REP defaults in its payment obligations, or (C) a combination of any of the foregoing. A REP that does not have or maintain the requisite long-term, unsecured credit rating may select which alternate form of deposit, credit support, or combination thereof it will utilize, in its sole discretion. The Indenture Trustee shall be the beneficiary of any affiliate guarantee, surety bond or letter of credit. The provider of any affiliate guarantee, surety bond, or letter of credit must have and maintain a long-term, unsecured credit ratings of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively.
- 4. If the long-term, unsecured credit rating from either Standard & Poor's or Moody's Investors Service of a REP that did not previously provide the alternate form of deposit, credit support, or combination thereof or of any provider of an affiliate guarantee, surety bond, or letter of credit is suspended, withdrawn, or downgraded below "BBB-" or "Baa3" (or the equivalent), the REP must provide the alternate form of deposit, credit support, or combination thereof, or new forms thereof, in each case from providers with the requisite ratings, within 10 business days following such suspension, withdrawal, or downgrade. A REP failing to make such provision must comply with the provisions set forth in Paragraph 3 of the next section, Billings by the Servicer to the REP or its Replacement (when applicable).
- The computation of the size of a required deposit shall be agreed upon by the 5. Servicer and the REP, and reviewed no more frequently than quarterly to ensure that the deposit accurately reflects two months' maximum collections. Within 10 business days following such review, (1) the REP shall remit to the Indenture

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX C

Applicable:

Entire System

Original

Page 11 of 17

Chapter:

6.1.1

Section Title: Delivery System Charges

Revision:

Section:

Effective Date:

Cycle 01 September 2006

6.1.1.12 Transition Charge-2 Rates - Schedule TC-2

Trustee the amount of any shortfall in such required deposit or (2) the Servicer shall instruct the Indenture Trustee to remit to the REP any amount in excess of such required deposit. A REP failing to so remit any such shortfall must comply with the provisions set forth in Paragraph 3 of the next section, Billings by the Servicer to the REP or its Replacement (when applicable). REP cash deposits shall be held by the Indenture Trustee, maintained in a segregated account, and invested in short-term high quality investments, as permitted by the rating agencies rating the Transition Bonds. Investment earnings on REP cash deposits shall be considered part of such cash deposits so long as they remain on deposit with the Indenture Trustee. At the instruction of the Servicer, cash deposits will be remitted with investment earnings to the REP at the end of the term of the Transition Bonds unless otherwise utilized for the payment of the REP's obligations for Transition Charge-2 payments. Once the deposit is no longer required, the Servicer shall promptly (but not later than 30 calendar days) instruct the Indenture Trustee to remit the amounts in the segregated accounts to the REP.

- 6. In the event that a REP or the POLR is billing customers for TC-2s, the REP shall have the right to transfer the customer to the Provider of Last Resort (POLR) (or to another certified REP) or to direct the Servicer to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer pursuant to applicable Commission rules.
- D. Billings by the Servicer to the REP or its Replacement (when applicable):
- 1. Applicable to all consumption subject to REP billing of TC-2s.
- 2. Payments of TC-2s are due 35 calendar days following each billing by the Servicer to the REP, without regard to whether or when the REP receives The Servicer shall accept payment by payment from its retail customers. electronic funds transfer (EFT), wire transfer (WT) and/or check. Payment will be considered received the date the EFT or WT is received by the Servicer, or the date the check clears. A 5% penalty is to be charged on amounts received after 35 calendar days; however, a 10-calendar-day grace period will be allowed before the REP is considered to be in default. A REP in default must comply with the provisions set forth in Paragraph 3 below. The 5% penalty will be a one-time assessment measured against the current amount overdue from the REP to the Servicer. The current amount consists of the total unpaid Transition Charges existing on the 36th calendar day after billing by the Servicer. Any and all such penalty payments will be made to the indenture trustee to be applied against Transition Charge obligations. A REP shall not be obligated to pay the overdue

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX C Page 12 of 17

Applicable:

Entire System

6.1.1

Chapter: 6

Section Title: Delivery System Charges

Section:

Revision: Original

Effective Date:

Cycle 01 September 2006

6.1.1.12 Transition Charge-2 Rates – Schedule TC-2

Transition Charges of another REP. If a REP agrees to assume the responsibility for the payment of overdue Transition Charges as a condition of receiving the customers of another REP who has decided to terminate service to those customers for any reason, the new REP shall not be assessed the 5% penalty upon such Transition Charges; however, the prior REP shall not be relieved of the previously assessed penalties.

- 3. After the 10 calendar-day grace period (the 45th calendar day after the billing date) referred to in Paragraph 2 above, the Servicer shall have the option to seek recourse against any cash deposit, affiliate guarantee, surety bond, letter of credit, or combination thereof made by the REP, and avail itself of such legal remedies as may be appropriate to collect any remaining unpaid Transition Charges and associated penalties due the Servicer after the application of the REP's deposit or alternate form of credit support. In addition, a REP that is in default with respect to the requirements set forth in Paragraphs 4 and 5 of the previous section, Billings by the REP or its Replacement to End-Use Customers, and Paragraph 2 of this section shall select and implement one of the following options:
 - (a) Allow the Provider of Last Resort (POLR) or a qualified REP of the customer's choosing to immediately assume the responsibility for the billing and collection of Transition Charges.
 - (b) Immediately implement other mutually suitable and agreeable arrangements with the Servicer. It is expressly understood that the Servicer's ability to agree to any other arrangements will be limited by the terms of the servicing agreement and requirements of each of the rating agencies that have rated the Transition Bonds necessary to avoid a suspension, withdrawal, or downgrade of the ratings on the Transition Bonds.
 - (c) Arrange that all amounts owed by retail customers for services rendered be timely billed and immediately paid directly into a lock-box controlled by the Servicer with such amounts to be applied first to pay Transition Charges before the remaining amounts are released to the REP. All costs associated with this mechanism will be borne solely by the REP.

If a REP that is in default fails to immediately select and implement one of the foregoing options in (a), (b), or (c) or, after so selecting one of the foregoing options, fails to adequately meet its responsibilities thereunder, then the Servicer shall immediately implement option (a). Upon re-establishment of the requirements set forth in Paragraphs 4 and 5 of the previous section, Billings by

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX C Page 13 of 17

Applicable:

Entire System

6.1.1

Chapter: 6

Section Title: Delivery System Charges

Section:

Revision: Original

Effective Date:

Cycle 01 September 2006

6.1.1.12 Transition Charge-2 Rates - Schedule TC-2

the REP or its Replacement to End-Use Customers, and Paragraph 2 of this section and the payment of all past-due amounts and associated penalties, the REP will no longer be required to comply with this subsection.

- 4. The POLR will be required to meet the minimum credit rating and/or deposit/credit support requirements described in Paragraph 3 of the preceding section, Billings by the REP or its Replacement to End-Use Customers, in addition to any other standards that may be adopted by the Commission. If the POLR defaults or is not eligible to provide such services, responsibility for billing and collection of transition charges will immediately be transferred to and assumed by the Servicer until a new POLR can be named by the Commission or the customer requests the services of a certified REP. Retail customers may never be re-billed by the successor REP, the POLR, or Servicer for any amount of Transition Charges they have paid their REP (although future TC-2s shall reflect REP and other system-wide charge-offs). Additionally, if the amount of the penalty detailed in Paragraph 2 of this section is the sole remaining past-due amount after the 45th day, the REP shall not be required to comply with (a), (b), or (c) above, unless the penalty is not paid within an additional 30 calendar days
- 5. In the event the Servicer is billing customers for Transition Charges, the Servicer shall have the right to terminate transmission and distribution service for nonpayment by end-use customers pursuant to the Commission's rules.
- 6. Notwithstanding Paragraph 2 of this section, the REPs will be allowed to hold back an allowance for charge-offs in their payments to the Servicer. Such chargeoff rate will be recalculated each year in connection with the annual true-up procedure. In the initial year, the REPs will be allowed to remit payments based on the same system-wide charge off percentage then being used for the transition bonds issued by AEP Texas Central Transition Funding LLC under the financing order issued in Docket No. 21528. On an annual basis in connection with the annual true-up adjustment process, the REP and the Servicer will be responsible for reconciling the amounts held back with amounts actually written off as uncollectible in accordance with the terms agreed to by the REP and the Servicer, provided that:
 - The REP's right to reconciliation for write-offs will be limited to customers whose service has been permanently terminated and whose entire accounts (i.e., all amounts due the REP for its own account as well as the portion representing Transition Charges) have been written off.

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX C

Applicable: Entire System

ic System

Page 14 of 17

Chapter:

6 Section:

Section Title: Delivery System Charges

Revision: Original

Effective Date:

Cycle 01 September 2006

6.1.1.12 Transition Charge-2 Rates – Schedule TC-2

6.1.1

- (b) The REP's recourse will be limited to a credit against future TC-2 payments unless the REP and the Servicer agree to alternative arrangements, but in no event will the REP have recourse to the SPE or its funds for such payments.
- (c) The REP shall provide information on a timely basis to the Servicer so that the Servicer can include the REP's default experience and any subsequent credits into its calculation of the Adjusted TC-2 Rates for the next TC-2 billing period and the REP's rights to credits will not take effect until after such Adjusted TC-2 Rates have been implemented.
- 7. In the event that a REP disputes any amount of billed Transition Charges, the REP shall pay the disputed amount under protest according to the timelines detailed in Paragraph 2 of this section. The REP and Servicer shall first attempt to informally resolve the dispute, but if failing to do so within 30 calendar days, either party may file a complaint with the Commission. If the REP is successful in the dispute process (informal or formal), the REP shall be entitled to interest on the disputed amount paid to the Servicer at the Commission-approved interest rate. Disputes about the date of receipt of Transition Charge payments (and penalties arising thereof) will be handled in a like manner. Any interest paid by the Servicer on disputed amounts shall not be recovered through Transition Charges if it is determined that the Servicer's claim to the funds is clearly unfounded. No interest shall be paid by the Servicer if it is determined that the Servicer has received inaccurate metering data from another entity providing competitive metering services pursuant to PURA § 39.107.
- 8. If the Servicer is providing the metering, the metering data will be provided to the REP at the same time as the billing. If the Servicer is not providing the metering, the entity providing metering service(s) will be responsible for complying with Commission rules and ensuring that the Servicer and the REP receive timely and accurate metering data in order for the Servicer to meet its obligations under the Servicing Agreement and the Financing Order with respect to billing and true-ups.

OTHER TERMS AND CONDITIONS

If the customer, REP, or or other entity which, under the terms of the Financing Order or PURA, may be obligated to pay or collect the TC-2s pays only a portion of its bill, a pro-rata share amount of Transition Charge revenues shall be deemed to be collected. In the event of any such shortfall, the amount paid shall first be apportioned between the transition charges and other fees and charges owed to the Company or any successor, other than late fees, ratably based on the amount owed for Transition Charges and the amount owed for other fees and charges (including

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX C

Applicable:

Entire System

Page 15 of 17

Chapter:

6.1.1

Section Title: Delivery System Charges

Section:

Revision:

Original

Effective Date:

Cycle 01 September 2006

6.1.1.12 **Transition Charge-2 Rates - Schedule TC-2**

transition charges owed for transition bonds issued by AEP Texas Central Transition Funding, LLC in February 2002 pursuant to the financing order issued by the Commission in Docket No. 21528), and second, any remaining portion of such payment shall be allocated to late fees.

At least once each year, (i) the Company shall cause to be prepared and delivered to REPs and such customers a notice stating, in effect, that the Transition Property and the Transition Charges are owned by the SPE and not the Company; and (ii) each REP which bills Transition Charges shall cause to be prepared and delivered to such customers a notice stating, in effect, that the Transition Property and the Transition Charges are owned by the SPE and not the REP or the Company. Such notice shall be included either as an insert to or in the text of the bills delivered to such REPs or customers, as applicable, or shall be delivered to customers by electronic means or such other means as the Servicer or the REP may from time to time use to communicate with their respective customers.

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 5 Page 146 of 151

PROPOSED FINANCING ORDER

AEP TEXAS CENTRAL COMPANY

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX C

Applicable: **Entire System**

Chapter:

Page 16 of 17

Section: 6.1.1

Section Title: Delivery System Charges

Revision:

Original

Effective Date:

6.1.1.12.1 Initial / Adjusted Transition Charge-2 Rates – Rider TC-2

AVAILABILITY

This schedule is applicable to energy consumption and demands of retail customers taking service from the Company during the term that this schedule is in effect, and to the facilities, premises, and loads of all other retail customers obligated to pay TC-2 Charges as provided in Rate Schedule TC-2, Section 6.1.1.12. Terms defined in Rate Schedule TC-2 that are used herein shall have the same meaning as set forth in Rate Schedule TC-2.

RATE CLASSES

For purposes of billing Initial/Adjusted Transition Charge-2 Rates (TC-2 Rates), each retail enduse customer will be designated as a customer belonging to one of eight classes as identified and defined by Rate Schedule TC-2.

TRANSITION CHARGE-2 RATES

The Initial/Adjusted TC-2 Rates shall be determined in accordance with and are subject to the provisions set forth in Rate Schedule TC-2. Not less than 15 days prior to the first billing cycle for the Company's [September] billing month and no less frequently than annually thereafter, the Company or successor Servicer will file a Revision to Rider TC-2 setting forth the Adjusted TC-2 Rates to be effective for the upcoming period. If made as a result of the annual true-up adjustment in Rate Schedule TC-2, the Adjusted TC-2 Rates will become effective on the first billing cycle of the Company's [September] billing month. If an interim true up adjustment is made pursuant to Rate Schedule TC-2, the Adjusted TC-2 Rates will be become effective on the first billing cycle of the Company's billing month that is not less than 15 days following the making of the interim true-up adjustment filing. If a Non-Standard True-Up filing pursuant to Rate Schedule TC-2 is made to revise the Rider TC-2, the filing will be made at least 90 days prior to the first billing cycle for the Company's September billing month.

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 5 Page 147 of 151

AEP TEXAS CENTRAL COMPANY

PROPOSED FINANCING ORDER

TARIFF FOR ELECTRIC DELIVERY SERVICE

APPENDIX C

Applicable: Entire System Page 16 of 17

Chapter:

Section: 6.1.1

Section Title: Delivery System Charges

Revision:

Original

Effective Date:

Initial / Adjusted Transition Charge-2 Rates - Rider TC-2 6.1.1.12.1

Transition Charge-2 Customer Class	Initial/Adjus	sted TC-2 Rates
Residential	\$ 0.006950	per kWh
Commercial and Small Industrial – Energy	\$ 0.011806	per kWh
Commercial and Small Industrial – Demand	\$ 2.728975	per kW or kVa
Large Industrial – Firm	\$ 1.293897	per kW or kVa
Large Industrial – Non-Firm	\$ 1.821128	per kW or kVa
Standby – Firm	\$ 0.165575	per Daily kW or kVa
Standby – Non-Firm	\$ 0.259867	per Daily kW or kVa
Municipal and Cotton Gin	\$ 0.008403	per kWh

The Initial/Adjusted TC-2 Rates are multiplied by the kWh, kW or kVa, as applicable, read, estimated or determined during the billing month and will be applied to bills rendered on and after the effective date.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 148 of 151

DOCKET NO. 32475 FINANCING ORDER

APPENDIX D

PROJECTED QUALIFIED COSTS

PROPOSED FINANCING ORDER APPENDIX D

AEP - Texas Central Company Appendix D - Projected Qualified Costs

	Description	Upfront Cost
Item 1	Underwriters' Fees	\$6,828,452
Item 2	Legal Fees	2,770,000
Item 3	Commission's Financial Advisor's Fee	1,010,000
Item 4	Rating Agency Fees	950,000
Item 5	Company Advisor's Fee	375,000
Item 6	Printing/Edgarizing	225,000
Item 7	SEC Registration Fee	184,040
Item 8	Non-legal Securitization Proceeding Costs	130,000
Item 9	Miscellaneous Administrative Costs	100,000
Item 10	Accountant's Fees	75,000
Item 11	Servicer's Set-up Costs	30,000
Item 12	Trustee's/Trustee Counsel's Fees	22,500
Item 13	SPE Setup Costs	20,000
	•	12,719,992
Item 14	Debt Retirement Transaction Costs*	10,113,102
Item 15	Original Issuance Discount*	TBD
Item 16	Swaps and Hedges and other Credit Enhancements*	TBD
Total		\$22,833,094

[•] Not Capped and Debt retirement costs not updated for current interest rates.

Itemized Ongoing Cost

Ongoing Servicer Fee (TCC as Servicer) (0.05% of principal amount) Administration Fee Accountants' Fee	\$859,917 100,000 75,000
Legal Fees/Expenses for Company's/Issuer's Counsel Trustee's/Trustee's Counsel Fees and Expenses Independent Managers' Fee	50,000 10,000 5,000
Rating Agency Fees Printing/EDGARization Expenses Miscellaneous	30,000 20,000 50,000
TOTAL (TCC as Servicer)	\$1,199,917 340,000
On-going Servicer Fee (Third Party as Servicer) (0.60% of principal amount) TOTAL (Third Party as Servicer)	\$10,320,000 \$10,660,000

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 5
Page 150 of 151

DOCKET NO. 32475 FINANCING ORDER

APPENDIX E

THRESHOLD BILLING DETERMINANTS

PROPOSED FINANCING ORDER APPENDIX E

Appendix E - AEP TEXAS CENTRAL COMPANY

Threshold Billing Determinants for Determining the Non-Standard True-up Calculation of Non-Standard True-up Threshold

Transition Charge - 2 Classes	(1)* 12 Months Ended 8/31/05 TC Billing Units		(2) Non-Standard True-up Threshold (90% of Column (1))	
Residential	8,429,911,855	kWh	7,586,920,670	kWh
Commercial Energy	2,935,175,048	kWh	2,641,657,543	kWh
Commercial Demand	16,578,987	kW	14,921,088	kW
Large Industrial Firm	2,865,366	kW	2,578,830	kW
Large Industrial Non-Firm	2,662,248	kW	2,396,023	kW
Standby Firm	14,326,679	kW	12,894,011	kW
Standby Non-Firm	2,454,884	kW	2,209,396	kW
Municipal and Cotton Gin	498,624,417	kWh	448,761,975	kWh

^{*}Actual billing units used to calculate TC-1 charges and the basis for TC-1 and TC-2 forecast.



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 1 of 142



Control Number: 21528

Item Number: 358

Addendum StartPage: 2

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 2 of 142

DOCKET NO. 21528

APPLICATION OF CENTRAL POWER	§	PUBLIC UTILITY COM	MISSION	-
AND LIGHT COMPANY FOR	§	* ·	E 19	
FINANCING ORDER TO SECURITIZE	§		CUI	河
REGULATORY ASSETS AND OTHER	§		图 27	Ü
QUALIFIED COSTS	§	OF TEXAS	PEG R	Ī
FINANC	CING OF	RDER	SK SKINKSION	7 3

Table of Contents

		Page
I.	DISCUSSION AND STATUTORY OVERVIEW	3
II.	DESCRIPTION OF PROPOSED TRANSACTION	8
III.	FINDINGS OF FACT	11
	A. Identification and Procedure	11
	Identification of Applicant and Application	11
	Procedural History	12
	Notice of Application	14
	Evidence of Record	14
	B. Qualified Costs and Amount to be Securitized	15
	Identification and Amounts	15
	Issuance Advice Letter	18
	Tangible and Quantifiable Benefit	19
	Present Value Cap	19
	Total Amount of Revenue to be Recovered	20
	C. Structure of the Proposed Securitization	21
	The SPE	21
	Negative Competition Transition Charge	22
	Other Credit Enhancement	
	Transition Property	23

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 3 of 142

D- --

Table of Contents (continued)

		,	rage
, i	Servicer and the Servicing Agreement	•••••	24
j	Retail Electric Providers	•••••	26
,	Transition Bonds		32
Å	Security for Transition Bonds		34
	i. The General Subaccount	34	
	ii. The Overcollateralization Subaccount	35	
	iii. The Capital Subaccount	35	
	iv. The Reserve Subaccount	36	
	v. General Provisions	36	
ز	Refinancing		37
,	Transition Charges—Imposition and Collection, Nonbypassibility, Generation		
	Allocation of Transition Charges		40
	True-Up of Transition Charges		42
	Interim True-Up		43
	Non-Standard True-Up		44
	Additional True-Up Provisions		45
	Financial Advisor		46
	Lowest Transition-Bond Charges		47
D. Use	e of Proceeds		49
,	Refinancing or Retirement of Utility Debt and Equity	•••••	49
E. Ann	nual Report Under PURA § 39.257 and Stranded Costs	•••••	50
CONCI	LUSIONS OF LAW	••••••	52
ORDEI	RING PARAGRAPHS		59
	1. Approval of Application.		59
	2. Authority to Securitize.	· · · · · · · · · · · · · · · · · · ·	59
	3. Recovery of Transition Charges.		60
	4. Issuance Advice Letter		60
	5. Approval of Tariff	•••••	61

IV.

V.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 4 of 142

Table of Contents (continued)

		1	Page
	m		<i>C</i> 1
A.		Charges	
	6.	Imposition and Collection; SPE's Rights and Remedies	
	7.	Collector of Transition Charges.	
	8.	Collection Period.	
	9.	Allocation.	
	10.	Nonbypassability	62
	11.	True-ups.	62
	12.	Ownership Notification	62
B.	Transition	Bonds	63
	13.	Issuance.	63
	14.	Refinancing.	63
	15.	Collateral.	63
	16.	Funding of Capital Subaccount.	63
	17.	Credit Enhancement.	63
	18.	Annual Weighted Average Interest Rate of Bonds.	64
	19.	Life of Bonds.	64
	20.	Amortization Schedule	64
	21.	Commission Participation in Bond Issuance.	64
	22.	Use of SPE.	65
C.	Servicing.		65
	23.	Servicing Agreement	65
	24.	Replacement of Applicant as Servicer.	66
	25.	Collection Terms.	66
	25.	Contract to Provide Service.	66
D.	Retail Ele	ctric Providers	66
	27.	REP Billing and Credit Standards	66
	28.	Transition Charge Remittance Procedures	67
	29.	Default and Assumption of Servicing.	67
	30.	Billing by Providers of Last Resort	68

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 5 of 142

Table of Contents (continued)

			Page
	31.	Disputes	68
	32.	Metering Data.	68
	33.	Charge-Off Allowance.	68
	34.	Service Termination.	68
E.	Structure	of the Securitization	69
	35.	Structure.	69
F.	Use of Pro	oceeds	69
	36.	Use of Proceeds.	69
G.	Miscellan	eous Provisions	69
	37.	Annual Report and Stranded Costs.	69
	38.	Continuing Issuance Right.	70
	39.	Internal Revenue Service Private Letter or Other Rulings	70
	40.	Binding on Successors.	70
	41.	Flexibility	71
	42.	Effectiveness of Order.	71
	43.	Regulatory Approvals.	71
	44.	Payment of Commission's Costs for Professional Services	71
	45.	Payment of Commission's Financial Advisor	71
	46.	Effect	72
	47	All Other Motions Denied	72

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 6 of 142

Table of Contents (continued)

Appendix A

- 1. Letter Agreement dated January 11, 2000 between Central Power and Light Company and the Office of Regulatory Affairs.
- 2. Letter Agreement dated January 25, 2000 between Central Power and Light Company and the Office of Regulatory Affairs.
- 3. Letter Agreement dated February 9, 2000 between Central Power and Light Company, Office of Regulatory Affairs, Office of Public Utility Counsel, Texas Industrial Energy Consumers, and State of Texas

Appendix B

Description of Regulatory Assets and Other Qualified Costs and Expenses Proposed by the Company

Appendix C

Description of Regulatory Assets and Other Qualified Costs Approved by the Commission

Appendix D

Transition Charge Rate Tariff—Schedule TC and Rider TC

Appendix E

Form of Issuance Advice Letter

Appendix F

Benefits of Securitization

Appendix G

Calculation of Non-Standard True-Up

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 7 of 142

DOCKET NO. 21528

APPLICATION OF CENTRAL POWER \$ PUBLIC UTILITY COMMISSION
AND LIGHT COMPANY FOR \$
FINANCING ORDER TO SECURITIZE \$
REGULATORY ASSETS AND OTHER \$
QUALIFIED COSTS \$ OF TEXAS

FINANCING ORDER

This Financing Order addresses the application of Central Power and Light Company (the Company) to securitize regulatory assets and other qualified costs, for authority to issue transition bonds, for approval of transition charges sufficient to recover qualified costs, and for approval of a tariff to implement the transition charges. As discussed in this Financing Order, the Commission finds that the Company's request to securitize regulatory assets and other qualified costs should be approved in part and denied in part. The Commission also finds that the securitization approved in this Financing Order meets all applicable requirements of the Public Utility Regulatory Act.¹

Accordingly, the Commission approves the securitization of regulatory assets and qualified costs as specified in this Financing Order, and authorizes, subject to the terms of this Financing Order, the issuance of transition bonds in an amount not to exceed \$797,334,897; approves transition charges in an amount to be calculated as provided in this Financing Order; approves the structure of the proposed securitization financing, as modified by this Financing Order; and approves the form of the Company's tariff, as modified by this Financing Order, to implement those transition charges. As a result of the securitization approved by this Financing Order, customers in the Company's service area will realize benefits in excess of \$90 million on a present value basis. In addition, this Financing Order will result in a reduction in the amount of revenues collected by the Company of at least \$977 million, on a nominal basis, when compared to the amount that would have been collected under conventional financing methods.

¹ TEX. UTIL. CODE ANN. §§ 11.001-64.158 (Vernon 1998 & Supp. 2000) (PURA).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 8 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 2 OF 72

The amount of regulatory assets and other qualified costs approved in this Financing Order are the result of an agreement between some, but not all, of the parties in this docket. The Company's original application requested authority to securitize over \$1.2 billion in regulatory assets and other qualified costs. As a result of the agreement, the Company removed some of its regulatory assets from its request for securitization. Thus, this Financing Order does not address the remaining \$277,000,000 of the generation-related portion of the Texas retail jurisdictional portion of its regulatory assets.

The Company has provided a general description of the proposed transaction structure in its application, testimony, and agreements. The proposed structure does not contain every relevant detail and, in certain places, uses only approximations of certain costs and requirements. The final structure will depend, in part, upon the requirements of the nationally recognized credit rating agencies which will rate the transition bonds, and in part, upon the market conditions that exist at the time the transition bonds are taken to the market.

While the Commission recognizes the need for some degree of flexibility with regard to the final details of the securitization transactions approved in this Financing Order, its primary focus is upon the statutory requirements—not the least of which is to ensure that securitization results in tangible and quantifiable benefits to ratepayers—that must be met to issue a financing order. Furthermore, in issuing such an order, the Commission must be mindful of its responsibility to shepherd the restructuring of the electric industry in Texas in a manner that ensures that a competitive retail electric market develops in this state.

In view of these obligations, the Commission has established certain criteria in this Financing Order that must be met in order for the approvals and authorizations granted in this Financing Order to become effective. This Financing Order grants authority to issue transition bonds and to impose and collect transition charges only if the final structure of the securitization transactions complies in all material respects with these criteria.

DOCKET NO. 21528 FINANCING ORDER

PAGE 3 OF 72

In addition, the Commission, acting through its designated representative or financial advisor, will participate in the pricing and structure of the transition bonds, and will make the decision, in conjunction with the Company, as to whether to issue the bonds. Finally, the authority and approval granted in this Financing Order is effective only upon the Company filing with the Commission an issuance advice letter demonstrating compliance with the provisions of this Financing Order.

I. DISCUSSION AND STATUTORY OVERVIEW

The Legislature amended PURA in 1999 to provide for competition in the provision of retail electric service.² To facilitate the transition to a competitive environment, electric utilities are authorized to undertake securitization financing of qualified costs which include specified regulatory assets, eligible stranded costs, and associated costs.³ The Legislature provided this option for recovering stranded costs based on the conclusion that securitized financing will result in lower carrying costs for utility assets relative to the costs that would be incurred using conventional utility financing methods—resulting in benefits to ratepayers as a result of the securitization. To ensure such benefits, the Legislature required that a utility demonstrate that rate payers would receive tangible and quantifiable benefits as a result of securitization and that this Commission make a specific finding that such benefits exists before issuing a financing order. Consequently, a basic purpose of securitized financing, the recovery of electric utilities' stranded costs, is conditioned upon the other basic purpose, providing economic benefits to consumers of electricity in this state.

To securitize an electric utility's regulatory assets, the Commission may authorize the issuance of a new security known as transition bonds. Transition bonds are generally defined as evidences of indebtedness or ownership that are issued under a financing order, are limited to a term of not longer than 15 years, and are secured by or payable from transition property.⁴ The

 $^{^2}$ See Act of May 27, 1999, 76th Leg., R.S., ch. 440, 1999 Tex. Gen. Laws 1111 (codified primarily at Tex. UTIL. CODE Chapters 39, 40, and 41) (S.B. 7).

³ See PURA §§ 39.201, .301-.303.

⁴ See Id. § 39.302(6).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 10 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 4 OF 72

net proceeds from the sale of the transition bonds must be used to reduce the amount of a utility's recoverable regulatory assets or stranded costs through the refinancing or retirement of the utility's debt or equity. If transition bonds are approved and issued, retail electric customers must pay the principal, interest, and related charges of the transition bonds through transition charges. Transition charges are nonbypassable charges that will appear on customers' bills as a component of the monthly charge for electric service. Transition charges must be approved by the Commission pursuant to a financing order.

The Commission may adopt a financing order allowing recovery of an electric utility's regulatory assets only if it finds that the total amount of revenues to be collected under the financing order is less than the revenue requirement that would be recovered over the remaining life of the regulatory assets using conventional financing methods. Furthermore, consistent with PURA § 39.301, the Commission must also ensure that the net proceeds of transition bonds may be used only for the purposes of reducing the amount of stranded costs through the refinancing or retirement of utility debt or equity. In addition, the Commission must ensure that (1) securitization provides tangible and quantifiable benefits to ratepayers greater than would have been achieved absent the issuance of the transition bonds, and (2) the structuring and pricing of the transition bonds result in the lowest transition-bond charges consistent with market conditions and the terms of a financing order. Finally, the amount securitized may not exceed the present value of the revenue requirement over the life of the proposed transition bonds associated with the regulatory assets sought to be securitized, and the present value calculation must use a discount rate equal to the proposed interest rate on the transition bonds. All of these statutory requirements go to ensure that securitization will provide real benefits to a utility's customers.

The essential finding by the Commission that is needed to issue a financing order is that ratepayers will receive tangible and quantifiable benefits as a result of securitization. This finding can only be made upon a showing of economic benefits to ratepayers through an

⁵ See Id. § 39.302(7).

⁶ See Id. § 39.303(b).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 11 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 5 OF 72

economic analysis. An economic analysis is necessary to recognize the time value of money in evaluating whether and the extent to which benefits accrue from securitization. Moreover, an economic analysis recognizes the concept that the timing of a payment can be as important as the magnitude of a payment in determining the value of the payment. Thus, an analysis showing an economic benefit is necessary to quantify a tangible benefit to ratepayers.

Economic benefits also depend upon a favorable financial market—one in which transition bonds may be sold at an interest rate lower than the carrying costs of the assets being securitized. The precise interest rate at which transition bonds can be sold in a future market, however, is not known today. Nevertheless, benefits can be calculated based upon an certain known facts (the amount of assets to be securitized) and assumptions—the interest rate of the transition bonds, the term of the transition bonds, and the cost of the alternative to securitization—and by analyzing the proposed securitization based upon those facts and assumptions, a determination can be made as to whether tangible and quantifiable benefits result. To ensure that benefits are realized, the securitization transaction must be structured in a manner to conform to the economic analysis.

In this proceeding, financial analysis shows an economic benefit to ratepayers in an amount in excess of \$90 million on a present value basis as a result of securitizing the assets in the manner provided by this Order. This benefit will result if the bond market is unfavorable and transition bonds have to be issued at the maximum interest rate allowed by this Order. If a more favorable market allows the transition bonds to be issued at a lower interest rate, then the economic benefit to ratepayers could increase substantially.

To issue a financing order, PURA also requires that the Commission find that the total amount of revenues collected under the financing order will be less than would otherwise have been collected under conventional financing methods. In this proceeding, the analysis using worst case market conditions demonstrates that revenues will be reduced by at least \$977 million on a nominal basis under this Financing Order compared to the amount that would be recovered under conventional financing methods. If transition bonds are issued in a more favorable market, this reduction in revenues would increase.

DOCKET NO. 21528 FINANCING ORDER PAGE 6 OF 72

To obtain the most favorable issuance of transition bonds—and the greatest benefits to ratepayers—the Commission, acting through its financial advisor, will participate in the pricing, marketing, and structuring of the bonds. This participation will provide assurances that the minimum cost of securitization and the maximum benefits for customers are obtained. In addition, before the transition bonds may be issued, the Company must submit to the Commission an issuance advice letter in which it demonstrates, based upon the actual market conditions at the time of pricing, that the proposed structure and pricing of the transition bonds will provide real economic benefits to customers and comply with this Financing Order. As part of this submission, the Company must also certify to the Commission that the structure and pricing of the transition bonds results in the lowest transition-bond charges consistent with market conditions at the time of pricing and the general parameters set out in this Financing Order. The Commission, by order, may stop the issuance of transition bonds if the Company fails to make this demonstration or certification.

PURA requires that transition charges be collected from retail electric customers to pay the transition-bond charges—in this case the principal and interest on the bonds and the associated costs to issue and service those bonds. Transition charges can be recovered over a period that does not exceed 15 years. The Commission concludes that this prevents the collection of transition charges from retail customers in the normal course of business after the 15-year period. However, because of the protections afforded in PURA § 39.305, the Commission also concludes that the 15-year limitation does not apply to the recovery of amounts still owed after the end of the 15-year period through the use of judicial process.

Transition charges will be collected by an electric utility, its successors, an assignee, or other collection agents as provided for in the financing order. The right to impose, collect, and receive transition charges (including all other rights of an electric utility under the financing order) are only contract rights until they are first transferred to an assignee or pledged in

⁷ See *Id.* § 39.302(7)

⁸ Id. § 39.303(b).

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 6 Page 13 of 142

DOCKET NO. 21528 FINANCING ORDER **PAGE 7 OF 72**

connection with the issuance of transition bonds. Upon the transfer or pledge of those rights, they become transition property and, as such, are afforded certain statutory protections to ensure that the charges are available for bond retirement.¹⁰

This Financing Order contains terms, as it must, ensuring that the imposition and collection of transition charges authorized in the order shall be nonbypassable. 11 It also includes a mechanism requiring that transition charges be reviewed and adjusted at least annually, within 45 days of the anniversary date of the issuance of the transition bonds, to correct any overcollections or undercollections during the preceding 12 months and to ensure the expected recovery of amounts sufficient to timely provide all payments of debt service and other required amounts and charges in connection with the transition bonds. ¹² In addition to the required annual reviews, more frequent reviews are allowed to ensure that the amount of the transition charges matches the funding requirements approved in this Order. These provisions will help to ensure that the amount of transition charges paid by retail customers does not exceed the amounts necessary to cover the costs of this securitization, and will also help to foster the development of a robust and competitive retail electric market in Texas.

To encourage utilities to undertake securitization financing, other benefits and assurances are provided. The State of Texas has pledged, for the benefit and protection of financing parties and electric utilities, that it will not take or permit any action that would impair the value of transition property, or, except for the true-up expressly allowed by law, reduce, alter, or impair the transition charges to be imposed, collected and remitted to financing parties, until the principal, interest and premium, and any other charges incurred and contracts to be performed in connection with the related transition bonds have been paid and performed in full.¹³

⁹ *Id*.

¹⁰ Id. § 39.304(b).

¹¹ See Id. § 39.306.

¹² Id § 39.307.

¹³ Id. § 39.310.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 14 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 8 OF 72

Transition property constitutes a present property right for purposes of contracts concerning the sale or pledge of property and the property will continue to exist for as long as the pledge of the state just recited.¹⁴ In addition, the interest of an assignee or pledgee in transition property (as well as the revenues and collections arising from the property) are not subject to setoff, counterclaim, surcharge, or defense by the electric utility or any other person or in connection with the bankruptcy of the electric utility or any other entity.¹⁵ Further, transactions involving the transfer and ownership of transition property and the receipt of transition charges are exempt from state and local income, sales, franchise, gross receipts, and other taxes or similar charges.¹⁶ The creation, granting, perfection, and enforcement of liens and security interests in transition property are governed by PURA § 39.309 and not by the Texas Business and Commerce Code.¹⁷

The Commission may adopt a financing order providing for the retiring and refunding of transition bonds only upon making a finding that the future transition charges required to service the new transition bonds, including transaction costs, will be less than the future transition charges required to service the bonds being retired or refunded. This Financing Order does not grant any authority to refinance transition bonds authorized by this Order.

To facilitate compliance and consistency with applicable statutory provisions, this Financing Order adopts the definitions in PURA § 39.302.

II. DESCRIPTION OF PROPOSED TRANSACTION

A full description of the transactions proposed by the Company is contained in its application, testimony, and agreements filed in this docket. A brief summary of the proposed transactions is provided in this section, a more detailed description is included in Section III.C, Structure of the Proposed Securitization, and copies of applicable agreements are attached in

¹⁴ *Id.* § 39.304(b).

¹⁵ Id. § 39.305.

¹⁶ *Id.* § 39.311.

¹⁷ Id. § 39.309(a).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 15 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 9 OF 72

Appendix A to this Financing Order. To facilitate the proposed securitization, the Company proposed that a special purpose entity (SPE) be created to which will be transferred the rights to impose, collect and receive transition charges along with the other rights arising pursuant to this Financing Order. Upon transfer, these rights will become transition property as provided by PURA § 39.304. The SPE will issue transition bonds and will transfer the net proceeds from the sale of the transition bonds to the Company or its successor wires company in consideration for the transfer of the transition property. The SPE will be organized and managed in a manner to ensure the SPE will be bankruptcy remote from and will not be affected by a bankruptcy of the Company or any of its successors. In addition, the SPE will have at least one independent manager, trustee, or director whose approval will be required for certain major actions or organizational changes by the SPE.

The transition bonds will be issued pursuant to an indenture and administered by an indenture trustee. The transition bonds will be secured by and payable solely out of the transition property created pursuant to this Financing Order and other collateral described in the Company's application. That collateral will be pledged to the indenture trustee for the benefit of the holders of the transition bonds.

The servicer of the transition bonds will collect the transition charges and remit those amounts to the indenture trustee on behalf of the SPE. The servicer will be responsible for making any required or allowed true-ups of the transition charges. If the servicer defaults on its obligations under the servicing agreement, the indenture trustee may appoint a successor servicer. The Company or its successor wires company will act as the initial servicer for the transition bonds.

After the beginning of customer choice on January 1, 2002, retail electric providers (REPs) will be required to meet certain financial standards to collect transition charges under this Financing Order. If any REP fails to qualify to collect transition charges or defaults in the remittance of those charges to the servicer of the transition bonds, another entity can assume

¹⁸ Id. § 39.303(g).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 16 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 10 OF 72

responsibility for collection of the transition charges from the REP's retail electric customers. If the REP qualifies to collect transition charges, the servicer will bill to and collect from the REP the transition charges attributable to the REP's customers. The REP in turn will bill to and collect from its retail customers the transition charges attributable to them.

Transition charges will be calculated to ensure the collection of an amount sufficient to service the principal, interest, and related charges for the transition bonds. Transition charges will also be calculated so that this amount is allocated to the various classes of retail customers as provided by PURA. In addition to the annual true-up required by PURA § 39.307, periodic true-ups may be performed as necessary to ensure that the amount collected from transition charges is sufficient to service the transition bonds. A non-standard true-up will be allowed for other circumstances as provided by this Financing Order.

The Company requests authority to issue transition bonds in the original principal amount not to exceed the sum of \$763,734,489 plus an additional amount necessary to recover its upfront qualified costs as described in Appendix B. The Company also requests approval of transition charges sufficient to recover the principal and interest on the transition bonds plus an additional amount of ongoing qualified costs as described in Appendix B. The Company requests that the transition charges be recovered from retail customers and that the amount of the transition charges be calculated based upon the allocation methodology and billing determinants as specified in an agreement entered into by several of the parties in this proceeding. The Company also requests that certain standards related to the billing and collection of transition charges be applied to REPs that bill or collect transition charges approved in this Financing Order from retail customers. In addition, the Company requests approval of a tariff to implement the transition charges.

Under the Company's proposal, \$949,138,473 of generation-related regulatory assets on Applicant's regulatory books will be reduced through the securitization. The assets securitized under this Financing Order, and the ADIT related to those assets, will not be included in any annual report calculation or in the calculation of excess cost over market under PURA §§ 39.251-265. In its original application, the Company had request to securitized over \$1.2

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 17 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 11 OF 72

billion of generation-related regulatory assets. The Company, the Commission's Office of Regulatory Affairs and several other parties reached an agreement that modified the Company's original request. As a result of this agreement, the Company agreed not to securitize certain specified assets in any future proceeding. The Company also agreed to remove other specified regulatory assets in the amount of \$277,000,000 from its request in this docket. Thus, this remaining \$277,000,000, as of December 31, 1998, of the generation-related portion of the Texas retail jurisdictional portion of the Company's regulatory assets, is not included in the Company's proposal or addressed in this Financing Order.

III. FINDINGS OF FACT

A. Identification and Procedure.

<u>Identification of Applicant and Application</u>

- 1. Central Power and Light Company (CPL or Company) owns and operates for compensation in this state generation facilities and an extensive transmission and distribution network to provide electric service in Texas. The Company is a wholly owned subsidiary of Central and South West Corporation and is an electric utility providing retail and wholesale electric service in Texas.
- 2. The Company's application was filed on October 18, 1999 and includes the exhibits, schedules, attachments, testimony and agreements filed by or for the Company in this docket.
- 3. In its application, the Company used the term Applicant to refer to Central Power and Light Company and its successors and assigns that provide transmission or distribution service, or both, directly to retail customers in Central Power and Light Company's existing service area, but not to any successor or assign that provides competitive services after the advent of customer choice under PURA § 39.051. As used in this Financing Order, the term Applicant has the meaning ascribed to it by the Company in its application.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 18 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 12 OF 72

Procedural History

- 4. On October 18, 1999, the Company initially filed its application for a financing order under Subchapter G of Chapter 39 of the Public Utility Regulatory Act¹⁹ to permit securitization of some of its regulatory assets and other qualified costs as described in its application.
- 5. The following persons moved to intervene and were granted party status in this proceeding: Office of Public Utility Counsel (OPC); Power Choice, Inc.; South Texas Electric Cooperative, Inc.; NewEnergy Texas, L.L.C. (NewEnergy); Texas Industrial Energy Consumers (TIEC); State of Texas; the Texas Retailers Association and the Texas Hospital Association (collectively TRA/THA); Enron Energy Services, Inc. (Enron); Competitive Power Advocates; Entergy Gulf States, Inc.; Sharyland Utilities, L.P. (Sharyland); United States Department of the Navy; Occidental Chemical Corporation; Koch Petroleum Group; Alcoa; Public Utilities Board of Brownsville; and the Cities of Alton, Aransas Pass, Carrizo Springs, Charlotte, Corpus Christi, Eagle Pass, Harlingen, Indian Lake, Laguna Vista, Laredo, Los Fresnos, Luling, McAllen, Mission, Odem, Orange Grove, Pearsall, Port Aransas, Rancho Viejo, Refugio, Rio Hondo, San Juan, Santa Rosa, Smiley, South Padre Island, Victoria, and Weslaco (collectively Cities). The Commission's Office of Regulatory Affairs (ORA) also participated as a party.
- 6. On December 3, 1999, Enron filed a motion to limit the scope of the hearing in this proceeding. Specifically, Enron requested that the Commission not address the issue of retail electric provider (REP) qualifications in this docket, but reserve that issue for consideration in Project No. 21082, Certification of Retail Electric Providers and Registration of Power Generation Companies and Aggregators. The administrative law judge (ALJ) denied the motion but noted that REP qualification issues would be addressed, if at all, only to the extent necessary for a Commission financing order.
- 7. On December 7 and 8, 1999, the Commission held a hearing on the merits in this proceeding.

¹⁹ TEX. UTIL. CODE §§ 11.001-64.158 (Vernon 1998 & Supp. 2000) (PURA).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 19 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 13 OF 72

- 8. On December 17, 1999, the Company filed a motion to modify the briefing schedule and change the effective date of its request for a financing order to November 3, 1999. By an order issued December 17, 1999, the ALJ granted the motion.
- 9. On January 19 and 20, 2000, the ALJ granted Reliant Energy HL&P; Shell Energy Services Company, L.L.C. (Shell Energy); Fowler Energy, Inc.; Greenmountain.com Company; and DTE Energy leave to file *amicus curiae* briefs on the issues raised in this proceeding.
- 10. On January 11, 2000, the Company filed an agreement between the Company and ORA to support an agreed-upon resolution of certain issues in this proceeding. In the Company's reply brief filed on January 19, 2000, the January 11 agreement was modified regarding the treatment of transition charges for the Economic As Available Power Service (EAPS) class. On January 25, 2000, the Company filed a letter that modified and clarified the January 11 agreement. On January 26, 2000, ORA filed an agreement related to REP standards which the Company, NewEnergy, Enron, and Shell Energy joined. On February 1, 2000, ORA filed another document titled *Proposed REP Standards* (REP Agreement). On February 9, 2000, the Company filed an agreement between the Company, ORA, OPC, TIEC and the State related to the amount that the Company should be permitted to securitize. A copy of the January 11 agreement, the January 25 modifications, and the February 9 agreement (collectively referenced as the Letter Agreement) are attached as Appendix A to this Financing Order.
- 11. On January 26, 2000, the State filed its support of the Letter Agreement as modified and the REP Agreement.
- 12. On January 26, 2000, the Company filed a second motion to modify the effective date of its request for a financing order and to establish a schedule for the issuance of this Financing Order. The motion was conditioned upon the Commission issuing a decision on all issues at the January 27, 2000, open meeting. During the January 27, 2000 open meeting, the Company modified its motion by removing the condition that all issues had to be decided during that meeting.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 20 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 14 OF 72

13. On January 27, 2000, in open meeting, the Commission deliberated on the merits of the Company's application and heard additional argument. The Commission approved the Company's proposed schedule to issue a draft financing order and its modified request to change the effective date of its application to November 30, 1999.

- 14. On February 4, 2000, the Commission's Office of Policy Development filed a draft financing order in this docket. On February 17, 2000, the parties filed comments to this draft financing order.
- 15. On February 24, 2000, the Commission considered the draft financing order and parties' comments to the draft financing order, and rendered its final decision in this docket. In the open meeting on February 24, 2000, the Commission approved the Company's request to change the effective date of its request for a financing order to December 28, 1999.

Notice of Application

16. Notice was provided through publication once a week for two consecutive weeks in newspapers having general circulation in the Company's Texas service area, beginning shortly after the filing of its application. In addition, the Company provided individual notice to the governing bodies of all Texas incorporated municipalities served by the Company that have retained original jurisdiction over the Company. Proof of publication was submitted in the form of publishers' affidavits and verification of the mailing of individual notices and the provision of notice to the municipalities.

Evidence of Record

17. The following items were admitted into evidence: (a) CPL Exhibit Nos. 1-22, 24, 25, 28-30; (b) Cities' Exhibit Nos. 1, 1a, 2, 2a, 3, 3a, 3b, 4-7; (c) NewEnergy Exhibit Nos. 1-21; (d) OPC Exhibit Nos. 1-4, 4a, 5-6; (e) ORA Exhibit Nos. 1a, 1b, 1c, 2, 3a, 3b, 4a, 4b, 5a, 5b, 6a, 6b, 6c, 7-9; (f) State of Texas Exhibit Nos. 1-2; (g) TIEC Exhibit Nos. 1-10, 13; and (h) TRA/THA Exhibit Nos. 1-3, 3a, 3b, 4-8, 9-10.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 21 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 15 OF 72

B. Qualified Costs and Amount to be Securitized.

Identification and Amounts

- 18. Qualified costs are defined to include 100% of an electric utility's regulatory assets and 75% of its recoverable costs determined by the Commission under PURA § 39.201 and any remaining stranded costs determined under PURA § 39.262, together with the costs of issuing, supporting, and servicing transition bonds and any costs of retiring and refunding the electric utility's existing debt and equity securities in connection with the issuance of transition bonds. Qualified costs also include the costs to the Commission of acquiring professional services for the purpose of evaluating proposed securitization transactions.²⁰
- 19. The Company proposed to recover qualified costs consisting of regulatory assets, the costs of issuing, supporting and servicing the transition bonds, the costs of retiring and refunding the Company's existing debt and equity securities in connection with the issuance of the transition bonds, and the costs to the Commission of acquiring professional services for the purpose of evaluating the Company's proposed securitization transactions. The Company also proposed to include the costs of swap or hedge agreements entered into under the circumstances described in the Company's testimony as qualified costs.
- 20. Regulatory assets are defined to include only the generation-related portion of the Texas jurisdictional portion of the amount reported by an electric utility in its 1998 annual report on Securities and Exchange Commission (SEC) Form 10-K as regulatory assets and liabilities, offset by the applicable portion of generation-related investment tax credits permitted under the Internal Revenue Code of 1986.²¹ The Company identified the amount of regulatory assets and allocated those amounts to generation-related and non-generation-related amounts. The Company then assigned generation-related amounts directly to either the Texas retail jurisdiction or the Federal Energy Regulatory Commission jurisdiction for those amounts that could be directly assigned. Because the Commission finds that only the retail portion of regulatory assets may be recovered through a transition charge assessed against retail customers, the Commission

²⁰ See PURA § 39.302(4).

²¹ Id. § 39.302(5).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 22 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 16 OF 72

finds that the jurisdictional generation demand allocation factor approved in Docket No. 14965²² (the last Commission final order addressing the Company's rate design) should be used to determine the Texas retail portion of the amount of generation-related regulatory assets in this proceeding that cannot be directly assigned to either jurisdiction. The numeric value of the jurisdictional allocation factor approved in Docket No. 14965 is 95.837%. The Commission also finds that the amount of the regulatory assets listed in Appendix C is the proper retail portion of the generation-related portion of the Texas jurisdictional portion of the amount listed on the Company's 1998 SEC Form 10-K.

- 21. The Company proposed to securitize regulatory assets in an amount that is the sum of the book value of the regulatory assets plus the amount of any related SFAS-109²³ regulatory asset, offset by the present value of the benefits attributable to the accumulated deferred income taxes (ADIT) related to each asset to be securitized as shown in Appendix B. The present value of this benefit is determined by applying the Company's cost of capital to the ADIT balance, adding related taxes to the balances, and discounting the resulting amounts using the Company's pre-tax cost of capital as the discount rate.
- 22. The actual costs of issuing and supporting the transition bonds will not be known until the transition bonds are issued, and certain ongoing costs relating to the transition bonds may not be known until such costs are incurred. The actual amount of debt and equity securities to be retired and refunded will be affected by market conditions at the time such securities are retired or refunded, and, therefore, the actual cost of retiring and refunding debt and equity securities in connection with the issuance of the transition bonds will not be known until such securities are retired and such refunding is complete. The costs of credit enhancement and servicing, including third party fees and expenses, also will not be known until the time the transition bonds are priced. The Company estimated the maximum amount of these costs as shown in Appendix B and proposed to recover these estimated amounts as qualified costs in this Financing Order.

²² Application of Central Power and Light Company for Authority to Change Rates, Docket No. 14965, Second Order on Rehearing (Oct. 16, 1997).

²³ STATEMENT OF FINANCIAL ACCOUNT STANDARDS No. 109 (Financial Accounting Standards Board (Feb. 1992) (SFAS 109).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 23 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 17 OF 72

- 23. The Company proposed to include the amount of the regulatory assets (including related SFAS 109 assets and offset by related ADIT), the up-front variable and fixed costs, and the costs of retiring and refunding debt and equity as listed in Appendix B, plus the costs, which are not quantified, of swap and hedge agreements in the principal amount of the transition bonds. The Company proposed to recover the remaining qualified costs, composed of the ongoing support and servicing costs listed in Appendix B, directly through transition charges. The Company also proposed that, to the extent that the actual amount of any of the up-front costs or costs of retiring and refunding debt and equity incurred by Applicant varies from the amounts as shown in Appendix B, the Company be permitted to recover any additional amounts reasonably incurred, and required to provide a credit for any excess amounts securitized in a future proceeding.
- 24. The benefits of the Company's proposed securitization are dependent, in part, upon the total amount of qualified costs other than regulatory assets sought to be securitized or directly recovered through transition charges. To satisfy its statutory obligations to ensure quantifiable and tangible benefits to ratepayers, the Commission must limit the maximum amount of qualified costs other than regulatory assets approved in this Financing Order so that the sum of the fixed and variable up-front qualified costs plus the costs to reacquire debt and equity does not exceed \$33,600,408; the annual ongoing servicing fees do not exceed the maximum amount shown in Appendix C; and the sum of the annual fixed operating costs do not exceed \$120,000. To further ensure the benefits promised by this securitization, the excess of any amounts securitized (including associated interest) over the actual amounts incurred by Applicant for up-front costs plus the reacquisition costs must be provided as a credit in Applicant's ECOM proceeding or a future securitization proceeding.
- 25. As limited by this Financing Order, the recovery of the net amount of regulatory assets (accounting for related SFAS-109 amounts and ADIT benefits) and other qualified costs listed in Appendix C should be approved because ratepayers will receive tangible and quantifiable benefits as a result of the securitization, and the amount of the Company's stranded costs will be reduced, leading to further benefits for ratepayers. The remaining \$277,000,000, as of December

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 24 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 18 OF 72

31, 1998, of the generation-related portion of the Texas retail jurisdictional portion of the Company's regulatory assets that is composed entirely of SFAS-109 assets, is not addressed in the Company's proposal or in this Financing Order.

Issuance Advice Letter

- 26. Because the actual structure and pricing of the transition bonds and the precise amounts of up-front costs and expenses will not be known at the time that this Financing Order is issued, the Company proposed that, following determination of the final terms of the transition bonds and prior to issuance of the transition bonds, Applicant will file with the Commission for each series of transition bonds issued, and no later than the second business day after the pricing date for that series of transition bonds, an issuance advice letter. The issuance advice letter will be completed to report the actual dollar amount of the initial transition charges and other information specific to the transition bonds to be issued. All amounts that require computation will be computed using the mathematical formulas contained in the form of the issuance advice letter in Appendix E and the Transition Charge Rate Tariff in Appendix D to this Financing Order. The Company proposed that the Commission's review of the issuance advice letter be limited to the arithmetic accuracy of the calculations and to compliance with the specific requirements that are contained in the issuance advice letter, and that the initial transition charges and the final terms of the transition bonds set forth in the issuance advice letter shall become effective on the later of the third business day after submission to the Commission or the date of issuance of the transition bonds unless, prior to such third business day, the Commission issues an order finding that the proposed issuance does not comply with those requirements.
- 27. The completion and filing of an issuance advice letter in the form of the Issuance Advice Letter attached as Appendix E, including the certification from Applicant as discussed in Finding of Fact No. 102, is necessary to ensure that any securitization actually undertaken by Applicant complies with the terms of this Financing Order. Therefore, the Company's proposal should be approved.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6

DOCKET NO. 21528

FINANCING ORDER

PAGE 19 OF 72

Page 25 of 142

Tangible and Quantifiable Benefit

28. The statutory requirement in PURA § 39.301 that directs the Commission to ensure that

securitization provides tangible and quantifiable benefits to ratepayers greater than would be

achieved absent the issuance of transition bonds can only be determined using an economic

analysis to account for the time value of money. A present-value analysis that compares the

traditional revenue requirement associated with an asset (reflective of conventional utility

financing) with the revenue required under securitization is an appropriate economic analysis to

demonstrate whether securitization provides economic benefits to ratepayers.

29. Securitization financing for the regulatory assets detailed in Appendix C is expected to

result in excess of approximately \$90,000,000 of tangible and quantifiable economic benefits to

ratepayers on a present-value basis if the transition bonds are issued at the maximum interest

rates allowed by this Financing Order. The actual benefit to ratepayers will depend upon market

conditions at the time the transition bonds are issued. This quantification is the sum of the

economic benefit calculated for each regulatory asset using the methodology described in ORA's

testimony using a discount rate of 8.75% and a maximum expected life of 14 years as detailed in

Appendix F, offset by the amount of up-front and ongoing costs approved in this Financing

Order.

30. The methodology described in ORA's testimony to calculate the economic benefits to

ratepayers as a result of this Financing Order is appropriate and properly calculates the economic

benefits to ratepayers resulting from securitization of the qualified costs approved in this

Financing Order and detailed in Appendix C.

Present Value Cap

31. The amount securitized may not exceed the present value of the revenue requirement

over the life of the proposed transition bonds associated with the regulatory assets or stranded

costs sought to be securitized where the present value analysis uses a discount rate equal to the

proposed interest rate on the transition bonds.²⁴ The methodology used by ORA to calculate

²⁴ See PURA § 39.301.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 26 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 20 OF 72

economic benefits also demonstrates that the amount the Company seeks to securitize does not exceed the present value of the revenue requirement over the maximum expected 14-year life of the transition bonds associated with those regulatory assets of \$915,752,955 as shown in Appendix F.

32. The amount of qualified costs to be securitized detailed in Appendix C does not exceed the present value of the revenue requirement over the maximum expected 14-year life of the transition bonds associated with the regulatory assets approved to be securitized in this Financing Order. The present value analysis uses a discount rate equal to the maximum allowed weighted average interest rate on the transition bonds on an annual basis.

Total Amount of Revenue to be Recovered

- 33. The Commission is required to find that the total amount of revenues to be collected under this Financing Order will be less than the revenue requirement that would be recovered over the remaining life of the regulatory assets that are securitized under this Financing Order, using conventional financing methods.²⁵ The total amount of revenues to be collected under this Financing Order is expected to be in excess of approximately \$977 million less than the revenue requirement that would be recovered using conventional utility financing methods over the current remaining life of the securitized regulatory assets. This quantification is the sum of the reduction in the amount of revenues resulting from securitization for each regulatory asset that is proposed to be securitized using the methodology contained in ORA's testimony using a transition-bond interest rate of 8.75% and a maximum expected life of 14 years as detailed in Appendix F, less the ongoing costs approved in this Financing Order.
- 34. The Commission finds that the methodology described in ORA's testimony to calculate the differential between the total amount of revenues to be collected under this Financing Order and the revenue requirement that would be collected over the remaining life of the regulatory assets that are securitized is appropriate and properly calculates the reduction in total revenues

²⁵ See Id. § 39.303(a).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 27 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 21 OF 72

collected from ratepayers as a result of securitization of the qualified costs approved in this Financing Order and detailed in Appendix C.

C. Structure of the Proposed Securitization.

The SPE

35. For purposes of this securitization, Applicant will create a special purpose entity (SPE), which will be either a Delaware limited liability company with Applicant as its sole member or a Delaware business trust with Applicant as grantor and owner of all beneficial interests. The SPE will be formed for the limited purpose of acquiring transition property (including any transition property authorized by the Commission in a subsequent financing order), issuing transition bonds (including any transition bonds authorized by the Commission in a subsequent financing order), and performing other activities relating thereto or otherwise authorized by this Financing Order. The SPE will not be permitted to engage in any other activities and will have no assets other than transition property (and any subsequent transition property) and related assets to support its obligations under the transition bonds (and any subsequent transition bonds). Obligations relating to the transition bonds (or any subsequent transition bonds) will be the SPE's only significant liabilities. These restrictions on the activities of the SPE and restrictions on the ability of Applicant to take action on the SPE's behalf are imposed to ensure that the SPE will be bankruptcy remote and will not be affected by a bankruptcy of Applicant. The SPE will be managed by a board of managers, trustees or a board of directors with rights similar to those of boards of directors of corporations. As long as the transition bonds remain outstanding, the SPE will have at least one independent manager, trustee or director, i.e., with no organizational affiliation with Applicant. The SPE will not be permitted to amend the provisions of the organizational documents that ensure bankruptcy-remoteness of the SPE without the consent of the independent manager, trustee or director. Similarly, the SPE will not be permitted to institute bankruptcy or insolvency proceedings or to consent to the institution of bankruptcy or insolvency proceedings against it, or to dissolve, liquidate, consolidate, convert or merge without the consent of the independent manager, trustee or director. Other restrictions to assure bankruptcyremoteness may also be included in the organizational documents of the SPE as indicated by the rating agencies.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 28 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 22 OF 72

36. The initial capital of the SPE is expected to be not less than 0.5% of the original principal amount of each series of transition bonds issued by the SPE. The initial capitalization of the SPE must be sufficient to allow the SPE to meet any reasonably expected expenses that might arise that are related to the transition charges and the transition bonds. Adequate funding of the SPE will minimize the possibility that Applicant would have to extend funds to the SPE in a manner that could jeopardize the bankruptcy remoteness of the SPE. A sufficient level of capital is necessary to minimize this risk and, therefore, assist in achieving the lowest transition-bond charges possible.

- 37. The SPE will issue transition bonds in an aggregate amount not to exceed the principal amount approved by this Financing Order and will pledge to the indenture trustee, as collateral for payment of the transition bonds, the transition property, including the SPE's right to receive the transition charges as and when collected, and certain other collateral described in the Company's application.
- 38. Concurrently with the issuance of any of the transition bonds, Applicant will transfer to the SPE all of Applicant's rights under this Financing Order, including rights to impose, collect, and receive the transition charges approved in this Financing Order. This transfer will be structured so that it will qualify as a true sale within the meaning of PURA § 39.308. By virtue of the transfer, the SPE will acquire all of the right, title, and interest of Applicant in the transition property arising under this Financing Order.
- 39. The use and proposed structure of the SPE and the limitations related to its organization and management are necessary to minimize risks related to the proposed securitization transactions and to minimize the transition-bond charges. Therefore, the use and proposed structure of the SPE, as modified in Findings of Fact Nos. 36 and 65, should be approved.

Negative Competition Transition Charge

40. The Company originally proposed that the amount of regulatory assets authorized to be securitized not include the associated accumulated deferred income taxes (ADIT). This proposal, as detailed in the Company's application and the January 11 agreement between the

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67

> Attachment 6 Page 29 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 23 OF 72

Company and ORA, included a negative competition transition charge (CTC) to provide, what the Company asserted were, benefits to customers greater than would be achieved by including

ADIT in the calculation of the amount to be securitized.

41. The use of a negative CTC is not reasonable because it does not ensure greater benefits to

ratepayers than would be achieved without a negative CTC, in part due to the period of time over

which recovery of the negative CTC would be achieved and, in part due to uncertainties in the

recovery and funding of the negative CTC.

Other Credit Enhancement

42. The Company proposed that Applicant might provide for various other forms of credit

enhancement including letters of credit, reserve accounts, surety bonds, swap arrangements,

hedging arrangements and other mechanisms designed to promote the credit quality and

marketability of the transition bonds and that the costs of any credit enhancements be included in

the amount of qualified costs to be securitized.

43. The Company failed to quantify the costs or any benefits related to any of the proposed

methods of credit enhancement identified in Finding of Fact No. 42. Accordingly, costs related

to any of the proposed methods of credit enhancement cannot cause the aggregate amount of the

up-front costs that are securitized to exceed the amount of the cap on the aggregate amount for

those costs specified in Appendix C. This finding does not apply to the use of a collection

account or its subaccounts addressed in Findings of Fact Nos. 62 through 68 in this Financing

Order.

Transition Property

44. Under PURA § 39.304, the rights and interest of an electric utility or successor under a

financing order, including the right to impose, collect and receive the transition charges

authorized in the order, are only contract rights until they are first transferred to an assignee or

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 30 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 24 OF 72

pledged in connection with the issuance of transition bonds, at which time they will become transition property.²⁶

- 45. The proposed transfer by Applicant to the SPE of the rights to impose, collect and receive the transition charges approved in this Financing Order along with the other rights arising pursuant to this Financing Order will become transition property upon the transfer pursuant to PURA § 39.304.
- 46. Transition property and all other collateral will be held and administered by the indenture trustee pursuant to the indenture, as described in the Company's application. This proposal will help ensure the lowest transition-bond charges and should be approved.
- 47. Under PURA § 39.304(b), transition property constitutes a present property right for purposes of contracts concerning the sale or pledge of property, even though the imposition and collection of transition charges depends on further acts of the utility or others that have not yet occurred.

Servicer and the Servicing Agreement.

- 48. To the extent that any interest in the transition property created by this Financing Order is assigned, sold or transferred to an assignee, ²⁷ Applicant will enter into a contract with that assignee that will require Applicant to continue to operate its transmission and distribution system or its distribution system in order to provide electric services to Applicant's customers.
- 49. Applicant will execute a servicing agreement with the SPE; this agreement may be amended, renewed or replaced by another servicing agreement. The entity responsible for carrying out the servicing obligations under any servicing agreement is the servicer. The Applicant will be the initial servicer but may be succeeded as servicer by another entity under certain circumstances detailed in the servicing agreement. Pursuant to the servicing agreement,

²⁶ See Id. § 39.304(a).

²⁷ PURA § 39.302(1) defines an assignee as any individual, corporation, or other legally recognized entity to which an interest in transition property is transferred, other than as security, including any assignee of that party.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 31 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 25 OF 72

the servicer is required, among other things, to impose and collect the applicable transition charges for the benefit and account of the SPE, to make the periodic true-up adjustments of transition charges required or allowed by this Financing Order, and to account for and remit the applicable transition charges to or for the account of the SPE in accordance with the remittance procedures contained in the servicing agreement without any charge, deduction or surcharge of any kind (other than the servicing fee specified in the servicing agreement). Under the terms of the servicing agreement, if any servicer fails to fully perform its servicing obligations, the indenture trustee acting under the indenture to be entered into in connection with the issuance of the transition bonds, or the indenture trustee's designee, may, or, upon the instruction of the requisite percentage of holders of the outstanding amount of transition bonds, shall appoint an alternate party to replace the defaulting servicer, in which case the replacement servicer will perform the obligations of the servicer under the servicing agreement. The obligations of the servicer under the servicing agreement and the circumstances under which an alternate servicer may be appointed will be more fully described in the servicing agreement. The rights of the SPE under the servicing agreement will be included in the collateral pledged to the indenture trustee under the indenture for the benefit of holders of the transition bonds.

50. The obligations to continue to provide service and to collect and account for transition charges will be binding upon Applicant and any other entity that provides transmission and distribution services or direct wire services to a person that was a retail customer of Applicant located within Applicant's certificated service area on May 1, 1999 (except for former customers not taking service from Applicant by reason of taking service from Sharyland pursuant to Commission action in Docket No. 20292²⁸), or that became a retail customer for electric services within such area after May 1, 1999 and is still located within such area. Further, and to the extent REPs are responsible for imposing and billing transition charges on behalf of the SPE, billing and credit standards approved in this Financing Order will be binding on all REPs that bill and collect transition charges from such retail customers, together with their successors and assigns. The Commission will enforce the obligations imposed by this Financing Order, its applicable substantive rules and statutory provisions.

²⁸ Application of Sharyland Utilities, L.P., for a Certificate of Convenience and Necessity in Hidalgo County, Docket No. 20292 (July 9, 1999) (Docket No. 20292).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 32 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 26 OF 72

51. The proposals described in Findings of Fact Nos. 48 through 50 are reasonable, will reduce risk associated with the proposed securitization and will, therefore, facilitate the obtainment of the lowest transition-bond charges and the greatest benefit to ratepayers and should be approved.

Retail Electric Providers

- 52. Beginning on the date of customer choice for any retail customers, the servicer will bill the transition charges for those customers to each retail customer's REP and the REP will collect the transition charges from its retail customers.
- 53. In many of the jurisdictions that have approved the issuance of transition bonds, the financing orders have provided that the entities that collect transition charges must remit the amounts collected to the servicing entity within a specified number of days and that the servicing entity would be allowed to assume the billing and collection of transition charges in the event of default by the collecting entity. Financing orders in other jurisdictions have typically also established credit qualifications or deposit requirements, or both, for the entities that intend to bill, collect, and remit transition charges.
- 54. The Company, ORA, NewEnergy, Enron, and Shell Energy agreed to minimum billing and collection standards to apply to REPs that collect transition charges approved by this Financing Order from retail electric customers in the manner provided in the standards.
- 55. The proposed standards are the most stringent that can be imposed on REPs by the servicer under this Financing Order. The standards relate only to the billing and collection of transition charges authorized under this Financing Order, and do not apply to collection of any other nonbypassable charges or other charges. The standards apply to all REPs other than REPs that have contracted with the transmission and distribution company to bill and collect transition charges from retail customers. REPs may contract with parties other than the transmission and distribution company to bill and collect transition charges from retail customers, but such REPs shall remain subject to these standards. If the Commission later determines (e.g., through Project

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 33 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 27 OF 72

No. 21082, Certification of Retail Electric Providers and Registration of Power Generation Companies and Aggregators or other rulemakings or proceedings) that different standards are to be applied to REPs in particular areas (e.g., payment terms), those standards, with appropriate modifications to related provisions, may replace those specific items. Upon adoption of any rule addressing any of the standards, ORA will open a proceeding to investigate the need to modify the standards to conform to that rule, with the understanding that such modifications may not be implemented absent prior written confirmation from each of the rating agencies that have rated the transition bonds that such modifications will not cause a suspension, withdrawal, or downgrade of the ratings on the transition bonds.

56. The proposed REP standards are as follows:

- (a) Rating, Deposit, and Related Requirements. Each REP must (1) have a long-term, unsecured credit rating of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively, or (2) provide (A) a deposit of two months' maximum expected transition charge collections in the form of cash, (B) an affiliate guarantee, surety bond, or letter of credit providing for payment of such amount of transition-charge collections in the event that the REP defaults in its payment obligations, or (C) a combination of any of the foregoing. A REP that does not have or maintain the requisite long-term, unsecured credit rating may select which alternate form of deposit, credit support, or combination thereof it will utilize, in its sole discretion. The indenture trustee shall be the beneficiary of any affiliate guarantee, surety bond or letter of credit. The provider of any affiliate guarantee, surety bond, or letter of credit must have and maintain a long-term, unsecured credit ratings of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively.
- (b) Loss of Rating. If the long-term, unsecured credit rating from either Standard & Poor's or Moody's Investors Service of a REP that did not previously provide the alternate form of deposit, credit support, or combination thereof or of any provider of an affiliate guarantee, surety bond, or letter of credit is suspended, withdrawn, or downgraded below "BBB-" or "Baa3" (or the equivalent), the REP must provide the alternate form of deposit, credit support, or combination thereof, or new forms thereof, in each case from providers with the requisite ratings,

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 34 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 28 OF 72

within 10 business days following such suspension, withdrawal, or downgrade. A REP failing to make such provision must comply with the provisions set forth in Paragraph (e).

- Computation of Deposit, etc. The computation of the size of a required deposit shall be agreed upon by the servicer and the REP, and reviewed no more frequently than quarterly to ensure that the deposit accurately reflects two months' maximum collections. Within 10 business days following such review, (1) the REP shall remit to the indenture trustee the amount of any shortfall in such required deposit or (2) the servicer shall instruct the indenture trustee to remit to the REP any amount in excess of such required deposit. A REP failing to so remit any such shortfall must comply with the provisions set forth in Paragraph (e). REP cash deposits shall be held by the indenture trustee, maintained in a segregated account, and invested in short-term high quality investments, as permitted by the rating agencies rating the transition bonds. Investment earnings on REP cash deposits shall be considered part of such cash deposits so long as they remain on deposit with the indenture trustee. At the instruction of the servicer, cash deposits will be remitted with investment earnings to the REP at the end of the term of the transition bonds unless otherwise utilized for the payment of the REP's obligations for transition bond payments. Once the deposit is no longer required, the servicer shall promptly (but not later than 30 calendar days) instruct the indenture trustee to remit the amounts in the segregated accounts to the REP.
- (d) Payment of transition charges. Payments of transition charges are due 35 calendar days following each billing by the servicer to the REP, without regard to whether or when the REP receives payment from its retail customers. The servicer shall accept payment by electronic funds transfer, wire transfer, and/or check. Payment will be considered received the date the electronic funds transfer or wire transfer is received by the servicer, or the date the check clears. A 5% penalty is to be charged on amounts received after 35 calendar days; however, a 10 calendar-day grace period will be allowed before the REP is considered to be in default. A REP in default must comply with the provisions set forth in Paragraph (e). The 5% penalty will be a one-time assessment measured against the current amount overdue from the REP to the servicer. The "current amount" consists of the total unpaid transition charges existing on the 36th calendar day after billing by the servicer. Any and all such penalty payments will be made to the indenture trustee to be applied against transition charge obligations. A REP shall not be obligated to pay the overdue transition charges of another REP. If a REP agrees to assume the

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 35 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 29 OF 72

responsibility for the payment of overdue transition charges as a condition of receiving the customers of another REP that has decided to terminate service to those customers for any reason, the new REP shall not be assessed the 5% penalty upon such transition charges; however, the prior REP shall not be relieved of the previously-assessed penalties.

- (e) Remedies Upon Default. After the 10 calendar-day grace period (the 45th calendar day after the billing date) referred to in Paragraph (d), the servicer shall have the option to seek recourse against any cash deposit, affiliate guarantee, surety bond, letter of credit, or combination thereof provided by the REP, and avail itself of such legal remedies as may be appropriate to collect any remaining unpaid transition charges and associated penalties due the servicer after the application of the REP's deposit or alternate form of credit support. In addition, a REP that is in default with respect to the requirements set forth in Paragraph (b), (c), or (d) shall select and implement one of the following options:
 - (1) Allow the Provider of Last Resort ("POLR") or a qualified REP of the customer's choosing to immediately assume the responsibility for the billing and collection of transition charges.
 - (2) Immediately implement other mutually suitable and agreeable arrangements with the servicer. It is expressly understood that the servicer's ability to agree to any other arrangements will be limited by the terms of the Servicing Agreement and requirements of each of the rating agencies that have rated the transition bonds necessary to avoid a suspension, withdrawal, or downgrade of the ratings on the transition bonds.
 - (3) Arrange that all amounts owed by retail customers for services rendered be timely billed and immediately paid directly into a lock-box controlled by the servicer with such amounts to be applied first to pay transition charges before the remaining amounts are released to the REP. All costs associated with this mechanism will be borne solely by the REP.

If a REP that is in default fails to immediately select and implement one of the foregoing options or, after so selecting one of the foregoing options, fails to adequately meet its responsibilities thereunder, then the servicer shall immediately implement option (1). Upon re-establishment of compliance with the requirements set forth in Paragraphs (b), (c), and (d) and the payment of all

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 36 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 30 OF 72

past-due amounts and associated penalties, the REP will no longer be required to comply with this Paragraph.

- (f) <u>Billing by Providers of Last Resort, etc.</u> The initial POLR appointed by the Commission, or any Commission-appointed successor to the POLR, must meet the minimum credit rating or deposit/credit support requirements described in Paragraph (a) in addition to any other standards that may be adopted by the Commission. If the POLR defaults or is not eligible to provide such services, responsibility for billing and collection of transition charges will immediately be transferred to and assumed by the servicer until a new POLR can be named by the Commission or the customer requests the services of a certified REP. Retail customers may never be re-billed by the successor REP, the POLR, or the servicer for any amount of transition charges they have paid their REP (although future transition charges shall reflect REP and other system-wide charge-offs). Additionally, if the amount of the penalty detailed in Paragraph (d) is the sole remaining past-due amount after the 45th calendar day, the REP shall not be required to comply with clauses (1), (2) or (3) of Paragraph (e), unless the penalty is not paid within an additional 30 calendar days.
- charges, the REP shall pay the disputed amount under protest according to the timelines detailed in Paragraph (d). The REP and servicer shall first attempt to informally resolve the dispute, but if they fail to do so within 30 calendar days, either party may file a complaint with the Commission. If the REP is successful in the dispute process (informal or formal), the REP shall be entitled to interest on the disputed amount paid to the servicer at the Commission-approved interest rate. Disputes about the date of receipt of transition charge payments (and penalties arising thereof) or the size of a required REP deposit will be handled in a like manner. It is expressly intended that any interest paid by the servicer on disputed amounts shall not be recovered through transition charges if it is determined that the servicer's claim to the funds is clearly unfounded. No interest shall be paid by the servicer if it is determined that the servicer has received inaccurate metering data from another entity providing competitive metering services pursuant to Utilities Code § 39.107.
- (h) <u>Metering Data.</u> If the servicer is providing the metering, metering data will be provided to the REP at the same time as the billing. If the servicer is not providing the metering, the entity providing metering services will be responsible for complying with Commission rules

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 37 of 142

PAGE 31 OF 72

DOCKET NO. 21528 FINANCING ORDER

and ensuring that the servicer and the REP receive timely and accurate metering data in order for the servicer to meet its obligations under the Servicing Agreement and this Financing Order with respect to billing and true-ups.

- (i) <u>Charge-Off Allowance</u>. The REP will be allowed to hold back an allowance for charge-offs in its payments to the servicer. Such charge-off rate will be recalculated each year in connection with the annual true-up procedure. In the initial year, REPs will be allowed to remit payments based on the same system-wide charge-off percentage then being used by the servicer to remit payments to the indenture trustee for the holders of transition bonds. On an annual basis in connection with the true-up process, the REP and the servicer will be responsible for reconciling the amounts held back with amounts actually written off as uncollectible in accordance with the terms agreed to by the REP and the servicer, provided that:
 - (1) The REP's right to reconciliation for write-offs will be limited to customers whose service has been permanently terminated and whose entire accounts (i.e., all amounts due the REP for its own account as well as the portion representing transition charges) have been written off.
 - (2) The REP's recourse will be limited to a credit against future transition charge payments unless the REP and the servicer agree to alternative arrangements, but in no event will the REP have recourse to the indenture trustee, the SPE or the SPE's funds for such payments.
 - (3) The REP shall provide information on a timely basis to the servicer so that the servicer can include the REP's default experience and any subsequent credits into its calculation of the adjusted transition charge rates for the next transition charge billing period and the REP's rights to credits will not take effect until after such adjusted transition charge rates have been implemented.
- (j) <u>Service Termination.</u> In the event that the servicer is billing customers for transition charges, the servicer shall have the right to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer pursuant to applicable Commission rules. In the event that a REP or the POLR is billing customers for transition charges, the REP shall have the right to transfer the customer to the POLR (or to another certified REP) or to direct the servicer to terminate transmission and distribution service to the

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 38 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 32 OF 72

end-use customer for non-payment by the end-use customer pursuant to applicable Commission rules.

- 57. The proposed billing and collection standards for REPs and the applicability of those standards are appropriate for the collection of transition charges resulting from this Financing Order, are reasonable and will lower risks associated with the collection of transition charges and will result in lower transition-bond charges and greater benefits to ratepayers. Therefore, the proposed billing and collection standards for REPs and the applicability of those standards described in Findings of Fact Nos. 55 and 56 should be approved.
- Prior to the introduction of customer choice, ²⁹ Applicant will collect transition charges out of the bundled rates and will remit the amount of the transition charges to the indenture trustee for the account of the SPE. Beginning on the date of introduction of customer choice (including any customer-choice pilot programs under PURA § 39.104), Applicant or the current servicer of the transition bonds, as required under PURA § 39.107(d), will bill a customer's REP for the transition charges attributable to that customer. PURA § 39.107(d) provides that the REP must pay these transition charges. This proposal for collection of transition charges prior to the start of customer choice is reasonable and should be approved.

Transition Bonds

59. The SPE will issue and sell transition bonds in one or more series, and each series may be issued in one or more classes or tranches. The legal final maturity date of any series of transition bonds will not exceed 15 years from the date of issuance of such series. The legal final maturity date of each series and class or tranche within a series and amounts in each series will be finally determined by Applicant and the Commission, acting through its designated personnel or financial advisor, consistent with market conditions and indications of the rating agencies, at the time the transition bonds are issued. Applicant will retain sole discretion regarding whether or when to assign, sell, or otherwise transfer any rights concerning transition property arising under this Financing Order, or to cause the issuance of any transition bonds authorized in this

²⁹ See PURA § 39.101-102.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 39 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 33 OF 72

Financing Order, subject to the right of the Commission to participate in the pricing and structure of the transition bonds. It is proposed that the SPE issue the transition bonds on or after the third business day after Applicant has filed its issuance advice letter in accordance with this Financing Order unless, prior to such third business day, the Commission issues an order finding that the proposed issuance does not comply with the requirements established by this Financing Order.

- 60. The Company proposed to establish a transition-bond amortization schedule so that (a) during the rate-freeze period until January 1, 2002, the expected Periodic Billing Requirement (as defined in Finding of Fact No. 86) will be targeted to equal the revenue requirement associated with the securitized regulatory assets included in the Company's base rates prior to securitization of such assets; (b) during the price-to-beat period from January 1, 2002 until January 1, 2007, the expected Periodic Billing Requirement will be targeted to equal 6% less than the revenue requirement associated with the securitized regulatory assets included in the Company's base rates prior to securitization of such assets; and (c) after the price-to-beat period beginning in January 2007, the expected Periodic Billing Requirement will be targeted to reflect approximately equal, annual straight-line amortization of the remaining transition-bond principal, taking into account any modifications to the straight-line amortization that may be necessary to avoid a large increase in the transition charges in 2007.
- 61. The structure of the transition bonds with respect to the maturities and classes or tranches of the transition bonds is reasonable and should be approved, provided that the weighted average interest rate for the bonds does not exceed 8.75% on an annual basis and the expected maximum bond life is 14 years. These restrictions are necessary to ensure that the stated economic benefits to ratepayers materialize. To further ensure benefits to ratepayers, the Commission's financial advisor should be charged with the obligation to ensure that the structure and pricing of the transition bonds results in the lowest transition-bond charges consistent with market conditions and the protection of a competitive retail electric market. To protect the competitiveness of this market, the transition-bond amortization schedule must result in a Periodic Billing Requirement that does not exceed the targets proposed by the Company for the two periods of time before 2007, except when required by a true-up of transition charges to collect an additional amount necessary to recoup undercollections from a prior period. The transition-bond amortization

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 40 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 34 OF 72

schedule for the period after 2007 should be established in a manner that least impacts the competitiveness of the retail electric market. The Commission's financial advisor should also be charged with the obligation to protect the competitiveness of the retail electric market in a manner consistent with this Financing Order.

Security for Transition Bonds

62. The payment of the transition bonds authorized by this Financing Order is to be secured by the transition property created by this Financing Order and by certain other collateral as described in the Company's application. The transition bonds will be issued pursuant to an indenture administered by the indenture trustee. The indenture will include provisions for a collection account and included subaccounts for the collection and administration of the transition charges and payment or funding of the principal and interest on the transition bonds and other costs, including fees and expenses, in connection with the transition bonds, as described in the Company's application. Pursuant to the indenture, the SPE will establish a collection account as a trust account to be held by the indenture trustee as collateral to ensure the payment of the principal, interest, and other costs approved in this Financing Order related to the transition bonds in full and on a timely basis. The collection account will include the general subaccount, the overcollateralization subaccount, the capital subaccount, and the reserve subaccount, and may include other subaccounts.

i. The General Subaccount.

63. The indenture trustee will deposit the transition-charge remittances that the servicer remits to the indenture trustee for the account of the SPE into one or more segregated trust accounts and allocate the amount of those remittances to the general subaccount. The indenture trustee will on a periodic basis apply moneys in this subaccount to pay expenses of the SPE, to pay principal and interest on the transition bonds, and to meet the funding requirements of the other subaccounts. The moneys in the general subaccount will be invested by the indenture trustee in short-term high-quality investments, and such moneys (including, to the extent necessary, investment earnings) will be applied by the indenture trustee to pay principal and interest on the transition bonds and all other components of the Periodic Payment Requirement, and otherwise in accordance with the terms of the indenture.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 41 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 35 OF 72

ii. The Overcollateralization Subaccount.

64. The overcollateralization subaccount will be periodically funded from transition-charge remittances over the life of the transition bonds. The aggregate amount and timing of the actual funding will depend on tax and rating-agency requirements, and is expected to be not less than 0.5 % of the original principal amount of the transition bonds. This subaccount will serve as collateral to ensure timely payment of principal and interest on the transition bonds and all other components of the Periodic Payment Requirement. To the extent that the overcollateralization subaccount must be drawn upon to pay any of these amounts due to a shortfall in the transition-charge remittances, it will be replenished through future transition-charge remittances to its required level through the true-up process. The moneys in this subaccount will be invested by the indenture trustee in short-term high-quality investments, and such moneys (including investment earnings) will be used by the indenture trustee to pay principal and interest on the transition bonds and all other components of the Periodic Payment Requirement.

iii. The Capital Subaccount.

65. When a series of transition bonds is issued, the Applicant will make a capital contribution to the SPE (which the Company proposed would be funded from transition-bond proceeds) for that series, which the SPE will deposit into the Capital Subaccount. The amount of the capital contribution is expected to be not less than 0.5% of the original principal amount of each series of transition bonds, although the actual amount will depend on tax and rating agency requirements. The Capital Subaccount will serve as collateral to ensure timely payment of principal and interest on the transition bonds and all other components of the Periodic Payment Requirement. To the extent that the Capital Subaccount must be drawn upon to pay these amounts due to a shortfall in the transition charge remittances, it will be replenished through future transition-charge remittances to its original level through the true-up process. The moneys in this subaccount will be invested by the indenture trustee in short-term high-quality investments, and such moneys (including investment earnings) will be used by the indenture trustee to pay principal and interest on the transition bonds and all other components of the Periodic Payment Requirement. Upon maturity of the transition bonds and the discharge of all obligations that may be paid by use of transition charges, all moneys in the capital subaccount,

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 42 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 36 OF 72

including any investment earnings, will be released to the SPE for payment to Applicant. Investment earnings in this subaccount may be released earlier in accordance with the indenture.

66. The capital contribution to the SPE should be funded by the Company, and the amount of the proceeds from the sale of the transition bonds that are used to retire or refund Applicant's debt or equity securities should not be offset by the amount of this capital contribution to ensure that ratepayers receive the appropriate benefit from the securitization approved in this Financing Order.

iv. The Reserve Subaccount.

67. The Reserve Subaccount will hold any transition-charge remittances and investment earnings on the Collection Account in excess of the amounts needed to pay current principal and interest on the transition bonds and to pay all of the other components of the Periodic Payment Requirement (including, but not limited to, funding or replenishing the Overcollateralization Subaccount and the Capital Subaccount). Any balance in the Reserve Subaccount on a true-up adjustment date will be subtracted from the Periodic Payment Requirement for purposes of the true-up adjustment. The moneys in this subaccount will be invested by the indenture trustee in short-term high-quality investments, and such moneys (including investment earnings thereon) will be used by the indenture trustee to pay principal and interest on the transition bonds and all other components of the Periodic Payment Requirement.

v. General Provisions.

68. The Collection Account and the subaccounts described above are intended to provide for full and timely payment of scheduled principal and interest on the transition bonds and all other components of the Periodic Payment Requirement. If the amount of transition charges remitted to the General Subaccount is insufficient to make all scheduled payments of principal and interest on the transition bonds and to make payment on all of the other components of the Periodic Payment Requirement, the Reserve Subaccount, the Overcollateralization Subaccount, and the Capital Subaccount will be drawn down, in that order, to make those payments. Any deficiency in the Overcollateralization Subaccount or the Capital Subaccount due to such withdrawals must be replenished first to the Capital Subaccount and then to the

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 43 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 37 OF 72

Overcollateralization Subaccount on a periodic basis through the true-up process. In addition to the foregoing, there may be such additional accounts and subaccounts as are necessary to segregate amounts received from various sources (i.e., amounts received from REPs), or to be used for specified purposes. Such accounts will be administered and utilized as set forth in the servicing agreement and the indenture. Upon the maturity of the transition bonds and the discharge of all obligations in respect thereof, remaining amounts in the Collection Account will be released by the SPE to Applicant and, other than amounts that were in the Capital Subaccount, will be credited to customers consistent with PURA § 39.262(g).

69. The use of a collection account and its subaccounts in the manner proposed by the Company is reasonable, will lower risks associated with the securitization and thus lower the costs to ratepayers, and should, therefore, be approved.

Refinancing

- 70. The Company also seeks authorization, subject to an approved supplement to this Financing Order, to allow it, or the SPE, or any assignee to refinance the transition bonds sought in this docket in a face amount not to exceed the unamortized principal amount of the transition bonds approved in this Financing Order, consistent with PURA § 39.303(g). The Company proposed that the Commission determine at this time the treatment of the transition charges approved in this Financing Order and the components of qualified costs to be securitized in the future using new transition bonds. The Company also proposed that the Commission issue in the future a supplemental order to this Financing Order, based upon a supplementation of the Company's application filed in this docket, to approve these new transition bonds.
- 71. It is premature to approve a refinancing of the transition bonds approved in this Financing Order. Under PURA § 39.303(d), this Financing Order is irrevocable and not subject to further action of the Commission, except through the true-up mechanism under PURA § 39.307. The Commission may issue a financing order providing for retiring and refunding transition bonds under PURA § 39.303(g), but only upon a finding that the future transition charges required to service the new transition bonds, including transaction costs, will be less than the future transition charges required to service the transition bonds being refunded. The Company has not

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 44 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 38 OF 72

provided any information that would allow the Commission to make the required statutory finding and the Commission may not approve the refinancing sought by the Company. The Company is not precluded, however, from filing a request in the future to retire or refund the transition bonds approved in this Financing Order upon a showing that the statutory criterion in PURA § 39.303(g) is met.

Transition Charges—Imposition and Collection, Nonbypassibility, and Self-Generation.

- 72. Applicant seeks authorization to impose on and collect from retail customers and REPs transition charges in an amount sufficient to provide for the timely recovery of its qualified costs approved in this Financing Order (including payment of principal and interest on the transition bonds and ongoing costs related to the transition bonds).
- 73. Transition charges will be separately identified on bills presented to retail customers and REPs to the extent provided in the Application.
- 74. If there is a shortfall in payment of an amount billed, the amount paid will first be proportioned between the transition charges and other fees and charges, other than late fees, and second, any remaining portion of the payment will be attributed to late fees. This allocation will facilitate a proper balance between the competing claims to this source of revenue in an equitable manner.
- 75. The Company proposed that the transition charges related to a series of transition bonds will be recovered over a period of not more than 15 years from the date of issuance of that series of the transition bonds but that delinquencies and end of period billings may be collected after the conclusion of the 15-year period.
- 76. PURA § 39.303(b) prohibits the recovery of transition charges for a period of time that exceeds 15 years. Transition charges related to a series of transition bonds may not be collected after 15 years from the date of issuance of that series of bonds. This restriction does not, however, prevent the recovery of amounts due through judicial process.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 45 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 39 OF 72

- Applicant will collect transition charges from all existing retail customers of Applicant and all future retail customers located within Applicant's certificated service area as it existed on May 1, 1999, except for former customers not taking service from Applicant by reason of taking service from Sharyland pursuant to Commission Docket No. 20292. In accordance with PURA § 39.252(c), a retail customer within such area may not avoid transition charges by switching to another electric utility, electric cooperative or municipally-owned utility after May 1, 1999. However, a customer in a multiply-certificated service area that requested to switch providers on or before May 1, 1999, or was not taking service from Applicant on May 1, 1999, and does not do so after that date, will not be responsible for paying transition charges.
- 78. Except as provided by PURA §§ 39.262(k) and 39.252, as implemented by P.U.C. SUBST. R. 25.345, a retail customer may not avoid the payment of transition charges by switching to new, on-site generation. If a customer commences taking energy from new on-site generation that materially reduces the customer's use of energy delivered through Applicant's facilities, the customer will pay an amount each month computed by multiplying the output of the on-site generation utilized to meet the internal electrical requirements of the customer by the applicable transition charges in effect for that month. Any reduction equivalent to more than 12.5% of the customer's annual average use of energy delivered through Applicant's facilities will be considered material for this purpose. Payments of the transition charges owed by such customers under PURA § 39.252(b)(2) will be made to the servicer (as defined in this Order) and will be collected in addition to any other charges applicable to services provided to the customer through Applicant's facilities and any other competition transition charges applicable to self-generation under PURA § 39.252.
- 79. The Company's proposal related to imposition and collection of transition charges is reasonable and is necessary to ensure collection of transition charges sufficient to support recovery of the qualified costs approved in this Financing Order and should be approved. It is reasonable to exclude the Company's existing customers who begin taking service from Sharyland in Sharyland's certificated area from the obligation to pay transition charges approved

³⁰ Application of Sharyland Utilities, L.P., for a Certificate of Convenience and Necessity in Hidalgo County, Docket No. 20292 (July 9, 1999) (Docket No. 20292).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 46 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 40 OF 72

in this Financing Order because Sharyland has agreed to compensate Applicant for stranded generation costs and Applicant will credit the amount of any such compensation in the calculation of excess cost over market (ECOM) as provided in Docket No. 20292.³¹ It is reasonable to approve the form of Applicant's tariff in this Financing Order and require that a tariff be filed before any transition bonds are issued.

Allocation of Transition Charges Among Texas Retail Customers

- 80. The energy consumption of Texas-retail customers measured at the meter for the twelvemonth period ending immediately prior to May 1, 1999 and adjusted only for normal weather conditions and line losses should be used to calculate the residential customers' regulatory asset allocation factor (RAAF). This methodology is in compliance with PURA § 39.253(g) and P.U.C. SUBST. R. 25.345(h)(2)(v).
- 81. PURA § 39.253(c) through (e) requires the use of the methodology used to allocate costs of the underlying assets in the electric utility's most recent Commission order addressing rate design as a basis for developing the allocation of stranded costs among the classes. The most recent docket addressing Applicant's rate design was Docket No. 14965. Most of the participants in that docket entered into an agreement, the Joint Recommendation on Revenue Spread (JRRS), to allocate Applicant's costs in that docket. The Commission approved the use of the JRRS to allocate Applicant's costs. Therefore, development of demand allocators using the generation-related base revenues by class resulting from the JRRS is reasonable and appropriate and should be approved.
- 82. No pro forma adjustments should be made to the demand allocators to remove anticipated qualifying co-generation projects under PURA § 39.262(k) before calculating the RAAFs.
- 83. The following procedure is used to the develop the RAAFs in this Financing Order:
- (a) The allocation to the residential class is determined according to the procedure specified in PURA § 39.253(c), and as described in Findings of Fact Nos. 80 and 81;

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³¹ Id., Final Order at 11.

DOCKET NO. 21528

FINANCING ORDER

PAGE 41 OF 72

- (b) The RAAF for the non-firm class is developed by multiplying the adjusted generation demand allocator developed in compliance with the methodology described in Findings of Fact Nos. 80 through 82 by 1.5. The RAAF for the non-firm class, once calculated, is applied to the total amount of costs to be allocated among all of the customer classes; and
- (c) The allocation to the remaining classes is determined according to the procedure specified in PURA § 39.253(e), and as described in Findings of Fact Nos. 80 through 82.
- 84. Economic-As-Available-Power-Service (EAPS) customers pay charges based on marginal power costs. Therefore, it is possible that applying transition charges based on fixed cost revenue requirements to such marginal-cost based usage may render this service uneconomical in some circumstances. Absent an application of the transition charges to EAPS customers that reflects the unique characteristics of this service, EAPS customers may effectively eliminate the use of this service. Therefore, the transition charge for EAPS customers will be a percentage of the actual EAPS rate, calculated by dividing the industrial non-firm class' share of the Periodic Billing Requirement by the base revenues for that class and multiplying by 100. The proposed design of the transition charge for the EAPS class is reasonable and should be approved.
- 85. The RAAFs in the following table are developed in accordance with the specific procedures set forth in PURA § 39.253 and should be approved:

Class	RAAF
Residential	37.0664%
Commercial & Small Ind Energy	21.5756%
Commercial & Small Ind Demand	26.9570%
Large Industrial – Firm	4.4891%
Large Industrial – Non-firm	5.5190%
Standby – Firm	1.4227%
Standby – Non-Firm	0.3844%
Municipal & Cotton Gin	2.5858%
Total	100.0000%

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 48 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 42 OF 72

True-Up of Transition Charges

- 86. Pursuant to PURA § 39.307, the servicer of the transition bonds will make annual adjustments to the transition charges to:
 - (a) correct any undercollections or overcollections, including without limitation any caused by REP defaults, during the preceding 12 months; and
 - (b) ensure the billing of transition charges necessary to generate the collection of amounts sufficient to timely provide all payments of principal and interest (or deposits to sinking funds in respect of principal and interest) and any other amounts due in connection with the transition bonds (including ongoing fees and expenses and amounts required to be deposited in or allocated to any collection account or subaccount) during the period for which such adjusted transition charges are to be in effect.

Such amounts are referred to as the "Periodic Payment Requirement" and the amounts necessary to be billed to collect such Periodic Payment Requirement are referred to as the "Periodic Billing Requirement". With respect to any series of transition bonds, the servicer will make true-up adjustment filings with the Commission at least annually, within 45 days of the anniversary of the date of the original issuance of the transition bonds of that series.

87. True-up filings will be based upon the cumulative differences, regardless of the reason, between the Periodic Payment Requirement (including scheduled principal and interest payments on the transition bonds), and the amount of transition-charge remittances to the indenture trustee. True-up procedures are necessary to ensure full recovery of amounts sufficient to meet the Periodic Payment Requirement over the expected life of the transition bonds. In order to assure adequate transition-charge revenues to fund the Periodic Payment Requirement and to avoid large overcollections and undercollections over time, the servicer will reconcile the transition charges using Applicant's most recent forecast of electricity deliveries (i.e., forecasted billing units) and estimates of transaction-related expenses. The calculation of the transition charges will also reflect both a projection of uncollectible transition charges and a projection of payment lags between the billing and collection of transition charges based upon Applicant's most recent experience, taking into consideration the payment of transition charges.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 49 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 43 OF 72

- 88. The servicer will make reconciliation adjustments in the following manner, known as the standard true-up procedure:
 - (a) allocate the upcoming period's Periodic Billing Requirement based on the RAAFs approved in this Financing Order;
 - (b) calculate undercollections or overcollections, including without limitation any caused by REP defaults, from the preceding period in each class by subtracting the previous period's transition charge revenues collected from each class from the Periodic Billing Requirement determined for that class for the same period;
 - (c) sum the amounts allocated to each customer class in steps (a) and (b) to determine an adjusted Periodic Billing Requirement for each transition charge customer class; and
 - (d) divide the amount assigned to each customer class in step (c) above by the appropriate forecasted billing units to determine the transition charge rate by class for the upcoming period.

Interim True-Up.

- 89. In addition to these annual true-up adjustments, true-up adjustments may be made more frequently at any time during the term of the transition bonds to correct any undercollection or overcollection, as provided for in this Financing Order, based on rating agency and bondholder considerations. Either of the following two conditions may invoke an interim true-up adjustment in the month prior to an upcoming transition bond principal payment date:
 - (a) The servicer determines that collection of transition charges for the upcoming payment date would result in a difference that is greater than 5% in absolute value, between (i) the actual outstanding principal balances of the transition bonds plus amounts on deposit in the reserve subaccount and (ii) the outstanding principal balances anticipated in the expected amortization schedule; or
 - (b) Any series of transition bonds that matures after a date determined mutually by the Applicant and the Commission's designated personnel or financial advisor to be required to meet rating agency requirements would not be paid in full by its expected maturity date.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 50 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 44 OF 72

90. In the event an interim true-up is necessary, the interim true-up adjustment should be filed on the fifteenth day of the current month for implementation in the first billing cycle of the following month. In no event would such interim true-up adjustments occur more frequently than every three months if quarterly transition bond payments are required or every six months if semi-annual transition bond payments are required.

Non-Standard True-Up.

- 91. A non-standard true-up procedure will be applied if the forecasted billing units for one or more of the transition charge customer classes for an upcoming period decreases by more than 10% compared to the billing units for the 12 months ending April 30, 1999 (known as the threshold billing units), shown in Appendix G to this Financing Order.
- 92. In conducting the non-standard true-up the servicer will:
 - (a) allocate the upcoming period's Periodic Billing Requirement based on the RAAFs approved in this Financing Order;
 - (b) calculate undercollections or overcollections, including without limitation any caused by REP defaults, from the preceding period in each class by subtracting the previous period's transition charge revenues collected from each class from the Periodic Billing Requirement determined for that class for the same period;
 - (c) sum the amounts allocated to each customer class in steps (a) and (b) to determine an adjusted Periodic Billing Requirement for each transition charge customer class;
 - (d) divide the Periodic Billing Requirement for each customer class by the maximum of the forecasted billing units or the threshold billing units for that class, to determine the "threshold rate":
 - (e) multiply the threshold rate by the forecasted billing units for each class to determine the expected collections under the threshold rate;
 - (f) allocate the difference in the adjusted Periodic Billing Requirement and the expected collections calculated in step (e) among the transition charge customer classes using the RAAFs approved in this Financing Order;

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 51 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 45 OF 72

- (g) add the amount allocated to each class in step (f) above to the expected collection amount by class calculated in step (e) above to determine the final Periodic Billing Requirement for each class; and
- (h) divide the final Periodic Billing Requirement for each class by the forecasted billing units to determine the transition charge rate by class for the upcoming period.
- 93. A proceeding for the purpose of approving a non-standard true-up should be conducted in the following manner:
 - (a) The servicer will make a "non-standard true-up filing" with the Commission at least 90 days before the date of the proposed true-up adjustment. The filing will contain the proposed changes to the transition charge rates, justification for such changes as necessary to specifically address the cause(s) of the proposed non-standard true-up, and a statement of the proposed true-up date.
 - (b) Concurrently with the filing of the non-standard true-up with the Commission, the servicer will notify all parties in Docket No. 21528 of the filing of the proposal for a non-standard true-up.
 - (c) The servicer will issue appropriate notice and the Commission will conduct a contested case proceeding on the non-standard true-up proposal pursuant to PURA § 39.003.

The scope of the proceeding will be limited to determining whether the proposed adjustment complies with this Financing Order. The Commission will issue a final order by the proposed true-up adjustment date stated in the non-standard true-up filing. In the event that the Commission cannot issue an order by that date, the servicer will be permitted to implement its proposed changes. Any modifications subsequently ordered by the Commission will be made by the servicer in the next true-up filing.

Additional True-Up Provisions.

- 94. If, for any reason, the transition charge rate for any customer class exceeds the maximum rate, if any, which customers in such class may then be obligated to pay under PURA § 39.202(a), then both the following provisions should apply:
 - (a) The transition charge rate for such class will equal such maximum rate.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 52 of 142

PAGE 46 OF 72

DOCKET NO. 21528 FINANCING ORDER

(b) The rates for the remaining classes will be recalculated using such maximum rate as the transition charge rate for the class that exceeded the maximum rate. The resulting deficiency will be allocated to the remaining classes based on the ratio of the RAAFs approved in this Financing Order.

- 95. The true-up adjustment filing will set forth the servicer's calculation of the true-up adjustment to the transition charges. Except for the non-standard true-up procedure addressed in Findings of Fact Nos. 91-93, the Commission will have 15 days after the date of a true-up adjustment filing in which to confirm the mathematical accuracy of the servicer's adjustment. Except for the non-standard true-up procedure described above, any true-up adjustment filed with the Commission should be effective immediately upon filing. Any necessary corrections to the true-up adjustment, due to mathematical errors in the calculation of such adjustment or otherwise, will be made in future true-up adjustment filings.
- 96. The true-up procedures proposed by the Company are reasonable and will reduce risks related to the transition bonds resulting in lower transition-bond charges and greater benefits to ratepayers and should be approved.

Financial Advisor

97. In order to ensure, as required by PURA § 39.301, that the structuring and pricing of the transition bonds result in the lowest transition-bond charges consistent with market conditions and the terms of this Financing Order, the Commission finds that it is necessary for the Commission, acting through its designated personnel or financial advisor, to have a decision making role co-equal with Applicant with respect to the structuring and pricing of the transition bonds and that all matters relating to the structuring and pricing of the transition bonds shall be determined through a joint decision of Applicant and the Commission's designated personnel or financing advisor. The primary responsibilities of the Commission's financial advisor are to ensure that the structuring and pricing of the transition bonds result in the lowest transition-bond charges consistent with market conditions and the terms of this Financing Order and that it protects the competitiveness of the retail electric market in this state. To fulfill its obligations under this Financing Order, the Commission's financial advisor must give effect to the

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 53 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 47 OF 72

Commission's directive that the caps in this Order related to costs and maximum interest rates are ceilings, not floors.

98. To properly advise the Commission, the Commission's financial advisor must not participate in the underwriting of the transition bonds and its fee should not be based upon a percentage of the transition-bond issuance. Its role should be limited to advising the Commission or acting on behalf of the Commission regarding the structure and pricing of the transition bonds. The financial advisor must, however, have an integral role in the pricing, marketing and structuring of the transition bonds in order to provide competent advice to the Commission. This requires the financial advisor participate fully and in advance in all plans and decisions related to the pricing, marketing, and structuring of the transition bonds and that it be provided timely information as necessary to fulfill its obligation to advise the Commission in a timely manner. In addition, the financial advisor's fee should be capped at an amount not to exceed \$1,700,000.00, with \$500,000 to be funded out of the underwriter's spread as set forth in Appendix C, and the remaining \$1,200,000 to be included in the aggregate cap on the up-front costs to be securitized of \$33,600,408.

Lowest Transition-Bond Charges

- 99. The Company has proposed a transaction structure that includes (but is not limited to):
 - (a) the use of the SPE as issuer of transition bonds, limiting the risks to bond holders of any adverse impact resulting from a bankruptcy proceeding of its parent or any affiliate;
 - (b) the right to impose and collect transition charges that are nonbypassable and which must be trued-up at least annually, but may be trued-up more frequently under certain circumstances, in order to assure the timely payment of the debt service and other ongoing transaction costs;
 - (c) additional collateral in the form of a collection account which includes a capital subaccount of not less than 0.5% of the initial principal amount of the transition bonds and an overcollateralization subaccount which builds up over time to equal not less than an additional 0.5% of the initial principal amount of the transition bonds, and other subaccounts, resulting in greater certainty of payment of interest and principal to

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 54 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 48 OF 72

investors and that are consistent with the requirements of the Internal Revenue Service that are needed to receive the desired federal income tax treatment for the transition-bond transaction;

- (d) protection of bondholders against potential defaults by a servicer or REPs that are responsible for billing and collecting the transition charges from existing or future retail customers;
- (e) benefits for federal income tax purposes including: (i) the transfer of the rights under this Financing Order to the SPE will not result in gross income to Applicant and the future revenues under the transition charges will be included in Applicant's gross income in the year in which the related electric service is provided to customers, (ii) the issuance of the transition bonds and the transfer of the proceeds of the transition bonds to Applicant will not result in gross income to Applicant and (iii) the transition bonds will constitute obligations of Applicant;
- (f) the transition bonds will be marketed using proven underwriting and marketing processes, through which market conditions and investors' preferences, with regard to the timing of the issuance, the terms and conditions, related maturities, type of interest (fixed or variable) and other aspects of the structuring and pricing will be determined, evaluated and factored into the structuring and pricing of the transition bonds;
- (g) participation by the Commission, acting through its designated personnel or financial advisor, on an equal basis with Applicant in determining the pricing and structure of the transition bonds which will help to ensure that benefits to ratepayers as the result of securitization are realized; and
- (h) hedging and swap agreements used to mitigate the risk of future rate increases if Applicant and the Commission's designated personnel or financial advisor jointly determine that it is prudent to enter into these types of agreements.
- 100. The Company's proposed transaction structure, as modified by this Financing Order, is necessary to enable the transition bonds to obtain the highest possible bond credit rating, to ensure that the structuring and pricing of the transition bonds will result in the lowest transition-bond charges consistent with market conditions and this Financing Order, to ensure the greatest

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 55 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 49 OF 72

benefit to ratepayers consistent with market conditions, and to protect the competitiveness of the retail electric market.

101. To ensure that ratepayers receive the tangible and quantifiable economic benefits due from the proposed securitization and so that the proposed transition-bond transaction will be consistent with the standards set forth in PURA §§ 39.301 and 303, it is necessary that (i) the effective annual weighted average interest rate of the transition bonds, excluding up-front and ongoing costs, does not exceed 8.75%, (ii) the expected maximum life of the longest bonds does not exceed 14 years (although the legal maximum life of the bonds may extend to 15 years), (iii) the amortization of the transition bonds is structured to be consistent with the Periodic Billings Requirement as modified by this Financing Order, (iv) up-front and ongoing costs to issue, service and support the transition bonds and costs to refund and retire the debt and equity not exceed the appropriate aggregate caps established in this Financing Order and (iv) Applicant otherwise satisfies the requirements of this Financing Order.

102. To allow the Commission to fulfill its obligations under PURA related to the securitization approved in this Financing Order, it is necessary for Applicant, for each series of transition bonds issued, to certify to the Commission that the structure and pricing of that series results in the lowest transition-bond charges consistent with market conditions at the time that the transition bonds are priced and the general parameters (including the protection of the competitiveness of the retail electric market) set out in this Financing Order.

D. Use of Proceeds

Refinancing or Retirement of Utility Debt and Equity

- 103. Upon the issuance of transition bonds, the SPE will use the net proceeds from the sale of the transition bonds (after payment of transaction costs) to pay to Applicant the purchase price of the transition property.
- 104. The net proceeds from the sale of the transition bonds (after payment of transaction costs) will be applied to a refinancing or retirement of Applicant's debt or equity, or both, in proportions that maintain a common equity ratio of 45% to 48% (with a target of 45%),

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 56 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 50 OF 72

excluding consideration of the transition bonds, as described in the Company's application and the Letter Agreement. In the cost unbundling and separation proceeding conducted pursuant to PURA § 39.201, any impact on the Company's capital structure as a result of securitization will not be used to set a higher cost of capital for the Company's successor transmission and distribution utility than would otherwise be calculated based upon the risks, operations and business conditions of the regulated transmission and distribution utility. In addition, the Commission may evaluate, in the same proceeding, whether Applicant took advantage of this refinancing opportunity to mitigate other restructuring problems and costs.

105. The debt, trust preferred securities, and preferred and common equity on Applicant's books as of September 30, 1999 (the end of the last quarter for which an SEC Form 10-Q has been filed) were \$1,015 million (38% of capitalization), \$144.9 million (5%), \$166 million (6%), and \$1,366.8 million (51%), respectively. As a result of the sale of transition property created pursuant to this Financing Order, the regulatory assets shall cease to be recorded on the regulatory books of Applicant and Applicant will receive the net proceeds from the sale of transition bonds. Pursuant to this Financing Order, \$949,138,473 of recoverable generation-related regulatory assets on Applicant's regulatory books will be reduced through the securitization.

106. The net proceeds from the sale of transition bonds will be used solely to refinance or retire the Company's existing debt or equity and will result in a reduction in the amount of the Company's recoverable regulatory assets and stranded costs.

E. Annual Report Under PURA § 39.257 and Stranded Costs

- 107. The aggregate amount of the regulatory assets authorized to be securitized by this Financing Order is the sum of the generation-related portion of the Texas-retail jurisdictional portion of the gross-book-value amounts of those regulatory assets as of December 31, 1998.
- 108. The loss on reacquired debt securitized under this Financing Order will be removed from Applicant's cost-of-capital calculation for purposes of computing excess cost over market in any

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 57 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 51 OF 72

future determinations of stranded costs and the annual report submitted pursuant to PURA § 39.257.

- 109. The amortization expense for the regulatory assets securitized under this Financing Order will be excluded from the annual report submitted pursuant to PURA § 39.257 for 1999 and subsequent years.
- 110. The unamortized balance of the regulatory assets (including related SFAS-109 assets) and associated ADIT securitized under this Financing Order will be excluded from rate base in the annual report submitted pursuant to PURA § 39.257 for the year in which the transition bonds are issued and the associated adjustment will be prorated to reflect the portion of that year that the transition bonds are outstanding, to the extent that such treatment is consistent with PURA. For all subsequent years, the unamortized balance of the securitized regulatory assets (including related SFAS-109 assets) and associated ADIT will be excluded from the annual report submitted pursuant to PURA § 39.257.
- 111. The ADIT, in the amount of \$332,198,086, associated with the regulatory assets and the SFAS 109 assets securitized under this Financing Order that is used to calculate the present value of ADIT benefits of \$185,403,984 shall not be used to determine the Applicant's rates for transmission or distribution service, calculate stranded costs for the Applicant, or to calculate the Applicant's annual costs or invested capital for the annual report required by PURA § 39.257,
- 112. To ensure tangible and quantifiable benefits to customers from the securitization approved by this Financing Order, the treatments of the regulatory assets (including related SFAS-109 assets) and associated ADIT securitized, the loss on reacquired debt securitized, the amortization expense related to such regulatory assets, the transition bonds, and the transition-charge revenues for purposes of the annual report under PURA § 39.257 and future determinations of stranded costs set forth in Findings of Fact Nos. 98 through 100 of this Financing Order should be implemented.

DOCKET NO. 21528

FINANCING ORDER

PAGE 52 OF 72

IV. CONCLUSIONS OF LAW

- 1. Central Power and Light Company is a public utility, as defined in PURA § 11.004, and an electric utility, as defined in PURA § 31.002(6).
- 2. The Company is entitled to file an application for a financing order under PURA § 39.301.
- 3. The Commission has jurisdiction and authority over the Company's application pursuant to PURA §§ 14.001, 32.001, 39.201 and 39.301-313.
- 4. The Commission has authority to approve this Financing Order under Subchapters E, F and G of Chapter 39 of PURA.
- 5. Notice of the Company's application was provided in compliance with the Administrative Procedure Act³² and P.U.C. PROC. R. 22.54 and 22.55.
- 6. This application does not constitute a major rate proceeding as defined by P.U.C. PROC. R. 22.2.
- 7. Only the retail portion of regulatory assets may be recovered through a transition charge assessed against retail customers.
- 8. The SPE will be an assignee as defined in PURA § 39.302(1) when an interest in transition property is transferred, other than as security, to the SPE.
- 9. The holders of the transition bonds and the indenture trustee will each be a financing party as defined in PURA § 39.302(3).

³² TEX. GOV'T CODE ANN, §§ 2001.001-901 (Vernon 1999)

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 59 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 53 OF 72

- 10. Applicant may authorize the SPE to issue transition bonds, and the SPE may issue transition bonds in accordance with in this Financing Order.
- 11. The securitization approved in this Financing Order satisfies the requirement of PURA § 39.301 dictating that the proceeds of the transition bonds shall be used solely for the purposes of reducing the amount of recoverable regulatory assets through the refinancing or retirement of utility debt or equity.
- 12. The securitization approved in this Financing Order satisfies the requirement of PURA § 39.301 mandating that the securitization provides tangible and quantifiable benefits to ratepayers greater than would have been achieved absent the issuance of transition bonds. Consistent with fundamental financial principles, this requirement in PURA § 39.301 can only be determined using an economic analysis to account for the time value of money. A present-value analysis that compares the traditional revenue requirement associated with an asset (reflective of conventional utility financing) with the revenue required under securitization is an appropriate economic analysis to demonstrate whether securitization provides economic benefits to ratepayers satisfies this requirement.
- 13. The SPE's issuance of the transition bonds approved in this Financing Order in compliance with the criteria established by this Financing Order satisfies the requirement of PURA § 39.301 prescribing that the structuring and pricing of the transition bonds will result in the lowest transition-bond charges consistent with market conditions and the terms of this Financing Order.
- 14. The amount of regulatory assets approved in this Financing Order for securitization does not exceed the present value of the revenue requirement over the life of the transition bonds approved in this Financing Order that are associated with the regulatory assets sought to be securitized, as required by PURA § 39.301.
- 15. The securitization approved in this Financing Order satisfies the requirement of PURA § 39.303(a) directing that the total amount of revenues to be collected under this Financing Order

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 60 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 54 OF 72

be less than the revenue requirement that would be recovered over the remaining life of the regulatory assets using conventional financing methods and that this Financing Order is consistent with the standards of PURA § 39.301.

- 16. This Financing Order adequately details the amount of regulatory assets to be recovered and the period over which Applicant will be permitted to recover nonbypassable transition charges in accordance with the requirements of PURA § 39.303(b). Transition charges related to a series of transition bonds may not be collected after 15 years from the date of issuance of that series of bonds. Amounts remaining unpaid after this 15 year-period may be recovered through the use of judicial process.
- 17. The method approved in this Financing Order for collecting and allocating the transition charges among customers satisfies the requirements of PURA §§ 39.303(c) and 39.253.
- 18. As provided in PURA § 39.303(d), this Financing Order, together with the transition charges authorized by this Financing Order, is irrevocable and not subject to reduction, impairment, or adjustment by further act of the Commission, except for the true-up procedures approved in this Financing Order, as required by PURA § 39.307.
- 19. As provided in PURA § 39.304(a), the rights and interests of Applicant or its successor under this Financing Order, including the right to impose, collect and receive the transition charges authorized in this Financing Order, are assignable and shall become transition property when they are first transferred to the SPE.
- 20. Transition property will constitute a present property right for purposes of contracts concerning the sale or pledge of property, even though the imposition and collection of the transition charges depend on further acts by Applicant or others that have not yet occurred, as provided by PURA § 39.304(b).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 61 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 55 OF 72

- 21. All revenues and collections resulting from the transition charges will constitute proceeds only of the transition property arising from this Financing Order, as provided by PURA § 39.304(c).
- 22. Upon the transfer by Applicant of the transition property to the SPE, the SPE will have all of the rights of Applicant with respect to such transition property.
- 23. Any payment of transition charges by a retail customer to its REP or directly to the servicer will discharge the retail customer's obligations in respect of that payment, but will not discharge the obligations of any REP to remit such payments to the servicer of the transition bonds on behalf of the SPE or an assignee.
- 24. As provided in PURA § 39.305, the interests of an assignee, the holders of transition bonds, and the indenture trustee in transition property and in the revenues and collections arising from that property are not subject to setoff, counterclaim, surcharge, or defense by Applicant or any other person or in connection with the bankruptcy of Applicant or any other entity.
- 25. The methodology approved in this Financing Order for allocating transition charges complies with PURA §§ 39.253 and 39.303(c). The methodology approved in this Financing Order to true-up the transition charges satisfies the requirements of PURA § 39.307.
- 26. If and when Applicant transfers to the SPE the right to impose, collect, and receive the transition charges and to issue the transition bonds, the servicer will be able to recover the transition charges associated with such transition property only for the benefit of the SPE and the holders of the transition bonds in accordance with the servicing agreement.
- 27. If and when Applicant transfers its rights under this Financing Order to the SPE under an agreement that expressly states that the transfer is a sale or other absolute transfer in accordance with the true-sale provisions of PURA § 39.308, then, pursuant to that statutory provision, that transfer will be a true sale of an interest in transition property and not a secured transaction or other financing arrangement and title, legal and equitable, will pass to the SPE. As provided by

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 62 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 56 OF 72

PURA § 39.308, this true sale shall apply regardless of whether the purchaser has any recourse against the seller, or any other term of the parties' agreement, including the seller's retention of an equity interest in the transition property, Applicant's role as the collector of transition charges relating to the transition property, or the treatment of the transfer as a financing for tax, financial reporting, or other purposes.

- 28. As provided in PURA § 39.309(b), a valid and enforceable lien and security interest in the transition property in favor of the holders of the transition bonds or a trustee on their behalf will be created by this Financing Order and the execution and delivery of a security agreement with the holders of the transition bonds or a trustee on their behalf in connection with the issuance of the transition bonds. The lien and security interest will attach automatically from the time that value is received for the transition bonds and, on perfection through the filing of notice with the Secretary of State in accordance with the rules prescribed by the Secretary of State under PURA § 39.309(d), will be a continuously perfected lien and security interest in the transition property and all proceeds of the transition property, whether accrued or not, will have priority in the order of filing and will take precedence over any subsequent judicial or other lien creditor.
- As provided in PURA § 39.309(c), the transfer of an interest in transition property to an assignee will be perfected against all third parties, including subsequent judicial or other lien creditors, when this Financing Order becomes effective, transfer documents have been delivered to that assignee, and a notice of that transfer has been filed in accordance with the rules prescribed by the Secretary of State under PURA § 39.309(d); provided, however, that if notice of the transfer has not been filed in accordance with this process within 10 days after the delivery of transfer documentation, the transfer of the interest will not be perfected against third parties until the notice is filed. The proposed transfer to the SPE of Applicant's rights under this Financing Order will be a transfer of an interest in transition property for purposes of PURA § 39.309(c).
- 30. As provided in PURA § 39.309(e), the priority of a lien and security interest perfected in accordance with PURA § 39.309 will not be impaired by any later change in the transition

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 63 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 57 OF 72

charges pursuant to PURA § 39.307 or by the commingling of funds arising from transition charges with other funds, and any other security interest that may apply to those funds will be terminated when they are transferred to a segregated account for an assignee or a financing party. To the extent that transition charges are not collected separately from other funds owed by retail customers or REPs, the amounts to be remitted to such segregated account for an assignee or a financing party may be determined according to system-wide charge off percentages, collection curves or such other reasonable methods of estimation, as are set forth in the servicing agreement

- 31. As provided in PURA § 39.309(e), if transition property is transferred to an assignee, any proceeds of the transition property will be treated as held in trust for the assignee.
- 32. As provided in PURA § 39.309(f), if a default or termination occurs under the transition bonds, the financing parties or their representatives may foreclose on or otherwise enforce their lien and security interest in any transition property as if they were secured parties under Chapter 9, Texas Business and Commerce Code, and, upon application by or on behalf of the financing parties, the Commission may order that amounts arising from the transition charges be transferred to a separate account for the financing parties' benefit, to which their lien and security interest may apply.
- 33. As provided in PURA § 39.309(f), if a default or termination occurs under the transition bonds, on application by or on behalf of the financing parties, a district court of Travis County, Texas shall order the sequestration and payment to those parties of revenues arising from the transition charges.
- 34. As provided by PURA § 39.310, the transition bonds authorized by this Financing Order are not a debt or obligation of the State of Texas and are not a charge on its full faith and credit or taxing power.
- 35. Pursuant to PURA § 39.310, the State of Texas has pledged for the benefit and protection of all financing parties and Applicant that it (including the Commission) will not take or permit any action that would impair the value of transition property, or, except as permitted by PURA

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 64 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 58 OF 72

§ 39.307, reduce, alter or impair the transition charges to be imposed, collected, and remitted to any financing parties, until the principal, interest and premium, and any other charges incurred and contracts to be performed in connection with the transition bonds have been paid and performed in full. The SPE, in issuing transition bonds, is authorized pursuant to PURA § 39.310 and this Financing Order to include this pledge in any documentation relating to the transition bonds.

- 36. As provided in PURA § 39.311, transactions involving the transfer and ownership of the transition property and the receipt of transition charges are exempt from state and local income, sales, franchise, gross receipts, and other taxes or similar charges.
- 37. This Financing Order will remain in full force and effect and unabated notwithstanding the bankruptcy of Applicant, its successors, or assignees.
- 38. Applicant retains sole discretion regarding whether or when to assign, sell or otherwise transfer the rights and interests created by this Financing Order or any interest therein or, subject to the approval of the Commission acting through its designated representative or financial advisor, to cause the issuance of any transition bonds authorized by this Financing Order.
- 39. This Financing Order is final, is not subject to rehearing by this Commission, and is not subject to review or appeal except as expressly provided in PURA § 39.303(f). The finality of this Financing Order is not impaired in any manner by the participation of the Commission through its delegated personnel or financial advisor in any decisions related to issuance of the transition bonds or by the Commission's review of or issuance of an order related to the issuance advice letter required to be filed with the Commission by this Financing Order.
- 40. This Financing Order meets the requirements for a financing order under Subchapter G of Chapter 39 of PURA.
- 41. Under the agreement approved by the Commission in Docket No. 20292, Sharyland will compensate Applicant for stranded-generation costs resulting from the choice of existing

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 65 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 59 OF 72

customer of Applicant to switch electric service to Sharyland, and Applicant has agreed to reduce the excess cost over market for its South Texas Project investment by the amount of such compensation.³³ Therefore, the requirement in PURA § 39.252(b), regarding the obligation of an existing customer in Applicant's service area as of May 1, 1999, does not apply to an existing customer of Applicant that begins taking service from Sharyland in Sharyland's certificated service area because Sharyland has assumed such a customer's responsibility for stranded costs. Without this relief, Applicant would be compensated twice for the same stranded costs.

42. The provisions of this Financing Order relating to the treatment of the securitized regulatory assets (including related SFAS-109 assets) and associated ADIT, the securitized loss on reacquired debt, the amortization expense on the securitized regulatory assets, the transition bonds and the transition-charge revenues for purposes of the annual report under PURA § 39.257 and subsequent determinations of Applicant's stranded costs comport with the applicable provisions of Chapter 39 of PURA.

V. ORDERING PARAGRAPHS

Based upon the record, the Findings of Fact and Conclusions of Law set forth herein, and for the reasons stated above, this Commission orders:

- 1. **Approval of Application.** The application of Central Power and Light Company for the issuance of a financing order under PURA §§ 39.201(i) and 39.303 is approved in part and denied in part, as provided in this Financing Order.
- 2. <u>Authority to Securitize.</u> Applicant may securitize the amount of regulatory assets and other qualified costs detailed in Appendix C to this Financing Order in the manner provided by this Financing Order. The excess of any amounts securitized (including interest) over the actual amounts incurred by Applicant for up-front costs plus the reacquisition costs shall be provided as a credit in Applicant's ECOM proceeding or a future securitization proceeding.

³³ Docket No. 20292, Order at 11, Findings of Fact Nos. 61 & 62.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 66 of 142

PAGE 60 OF 72

DOCKET NO. 21528 FINANCING ORDER

transition bonds).

3. Recovery of Transition Charges. Applicant shall impose on, and the servicer shall collect from, retail customers and REPs, as provided in this Financing Order, transition charges in an amount sufficient to provide for the timely recovery of its aggregate qualified costs detailed in Appendix C to this Financing Order (including payment of principal and interest on the

4. Issuance Advice Letter. Following determination of the final terms of the transition bonds and prior to issuance of the transition bonds, Applicant, in consultation with the Commission acting through its designated personnel or financial advisor, shall file with the Commission an issuance advice letter in substantially the form of the issuance advice letter attached as Appendix E to this Financing Order. As part of the issuance advice letter, Applicant shall make the certification addressed in Finding of Fact No. 102 through an officer of Applicant. The issuance advice letter shall be completed and evidence the actual dollar amount of the initial transition charges and other information specific to the transition bonds to be issued, and shall certify to the Commission that the structure and pricing of that series results in the lowest transition-bond charges consistent with market conditions at the time that the transition bonds are priced and the general parameters (including the protection of the competitiveness of the retail electric market) set out in this Financing Order. All amounts which require computation shall be computed using the mathematical formulas contained in the form of the issuance advice letter in Appendix E and the Transition Charge Rate Tariff approved in this Financing Order and attached as Appendix D. The Commission's review of the issuance advice letter shall be limited to the arithmetic accuracy of the calculations and to compliance with the specific requirements that are contained in the issuance advice letter. The initial transition charges and the final terms of the transition bonds set forth in the issuance advice letter shall become effective on the later of the third business day after submission to the Commission or the date of issuance of the transition bonds unless, prior to such third business day, the Commission issues an order finding that the proposed issuance does not comply with the requirements set forth above in this Ordering Paragraph.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 67 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 61 OF 72

5. <u>Approval of Tariff.</u> The form of the Transition Charge Rate Tariff attached as Appendix D to this Financing Order is approved. Prior to the issuance of any transition bonds under this Financing Order, Applicant shall file a tariff that conforms to the form of the Transition Charge Rate Tariff attached in Appendix D.

A. Transition Charges

- 6. Imposition and Collection; SPE's Rights and Remedies. Applicant is authorized to impose on, and the servicer is authorized to collect from, retail customers and REPs, as provided in this Financing Order, transition charges in an amount sufficient to provide for the timely recovery of the aggregate Periodic Payment Requirement (including payment of principal and interest on the transition bonds), as approved in this Financing Order. If there is a shortfall in payment of an amount billed, the amount paid shall first be proportioned between the transition charges and other fees and charges, other than late fees, and second, any remaining portion of the payment shall be attributed to late fees. Upon the transfer by Applicant of the transition property to the SPE, the SPE shall have all of the rights of Applicant with respect to such transition property, including, without limitation, the right to exercise any and all rights and remedies with respect thereto, including the right to authorize disconnection of electric service and to assess and collect any amounts payable by any retail customer in respect of the transition property.
- 7. <u>Collector of Transition Charges.</u> Prior to the introduction of customer choice, Applicant shall collect transition charges out of its bundled rates and shall remit the amount of the transition charges to the indenture trustee for the account of the SPE. Beginning on the date of introduction of customer choice (including any customer-choice pilot programs under PURA § 39.104), Applicant or the current servicer of the transition bonds shall bill a customer's REP for the transition charges attributable to that customer and the REP shall pay the amount billed for transition charges to the servicer of the transition bonds.
- 8. <u>Collection Period.</u> The transition charges related to a series of transition bonds shall be recovered over a period of not more than 15 years from the date of issuance of that series of transition bonds. Amounts remaining unpaid after this 15-year period may be recovered through use of judicial process.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 68 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 62 OF 72

- 9. <u>Allocation.</u> Applicant shall allocate the transition charges among customers in the manner described in Findings of Fact Nos. 80 through 85 of this Financing Order.
- 10. Nonbypassability. Applicant and any other entity providing electric transmission or distribution services and any REP providing services to any retail customer within Applicant's certificated service area as it existed on May 1, 1999, except for former customers not taking service from Applicant pursuant to Commission Docket No. 20292, are entitled to collect and must remit, consistent with this Financing Order, the transition charges from such retail customers and, except as provided under PURA §§ 39.252(b) and 39.262(k), as implemented by P.U.C. SUBST. R. 25.345, from retail customers that switch to new on-site generation, and such retail customers are required to pay such transition charges. The Commission will ensure that such obligations are undertaken and performed by Applicant, any other entity providing electric transmission or distribution services within Applicant's certificated service area as of May 1, 1999 and any REP providing services to any retail customer within Applicant's certificated service area.
- 11. <u>True-ups.</u> True-ups of the transition charges shall be undertaken and conducted as described in Findings of Fact Nos. 86 through 96 of this Financing Order. The servicer shall file the true-up adjustment in a compliance docket and shall give notice of the filing to all parties in this Docket No. 21528.
- 12. <u>Ownership Notification.</u> Any entity that bills transition charges to customers shall, at least annually, provide written notification to each retail customer for which the entity bills transition charges that the transition charges are the property of the SPE and not of the entity issuing such bill.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 69 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 63 OF 72

B. Transition Bonds

- 13. <u>Issuance.</u> The SPE is authorized to issue transition bonds as specified in this Financing Order. The aggregate amount of other qualified costs described in Appendix C that may be recovered directly through the transition charges shall be limited to the amount detailed in Appendix C.
- 14. **Refinancing.** Applicant or any assignee may apply for one or more new financing orders pursuant to PURA § 39.303(g).
- 15. <u>Collateral.</u> All transition property and other collateral shall be held and administered by the indenture trustee pursuant to the indenture as described in the Company's application. The SPE shall establish a collection account with the indenture trustee as described in the application as modified in Findings of Fact Nos. 62 through 69. Upon the maturity of the transition bonds and the discharge of all obligations in respect thereof, all amounts, other than amounts in the capital subaccount, in the collection account, including investment earnings, shall be released to the SPE and shall be credited to ratepayers. Applicant shall within 30 days after the date that these funds are eligible to be released notify the Commission of the amount of such funds available for crediting to the benefit of ratepayers.
- 16. Funding of Capital Subaccount. The capital contribution by Applicant to the SPE to be deposited into the Capital Subaccount shall, with respect to each series of transition bonds, be funded by Applicant and not from the proceeds of the sale of transition bonds. Upon the maturity of the transition bonds and the discharge of all obligations in respect thereof, all amounts in the Capital Subaccount, including investment earnings, shall be released to the SPE for payment to Applicant. Investment earnings in this subaccount may be released earlier in accordance with the indenture.
- 17. <u>Credit Enhancement.</u> Applicant may provide for various forms of credit enhancement including letters of credit, reserve accounts, surety bonds, swap arrangements, hedging arrangements and other mechanisms designed to promote the credit quality and marketability of the transition bonds or to mitigate the risk of an increase in interest rates, provided that the costs

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 70 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 64 OF 72

of such credit enhancement shall not cause the aggregate amount of up-front costs securitized plus the expense of reacquiring debt and equity to exceed the amount of the cap specified in Appendix C, and that the decision to use such credit enhancement shall be made in conjunction with the Commission acting through its designated personnel or financial advisor. This Ordering Paragraph does not apply to the collection account or its subaccounts approved in this Financing Order.

- 18. <u>Annual Weighted Average Interest Rate of Bonds.</u> The effective annual weighted-average interest rate of the transition bonds, excluding up-front and ongoing costs, shall not exceed 8.75% on an annual basis.
- 19. <u>Life of Bonds.</u> The life of the transition bonds authorized by this Financing Order shall not exceed 15 years.
- 20. <u>Amortization Schedule.</u> The amortization of the transition bonds shall be structured to be consistent with Findings of Fact No. 61.
- 21. Commission Participation in Bond Issuance. The Commission, acting through its designated personnel or financial advisor, shall participate directly with Applicant in negotiations regarding the pricing and structuring of the transition bonds, and shall have equal rights with Applicant to approve or disapprove the proposed pricing, marketing, and structuring of the transition bonds. The Commission's financial advisor shall have the right to participate fully and in advance regarding all aspects of the pricing, marketing and structuring of the transition bonds (and all parties shall be notified of the financial advisor's role) and shall be provided timely information that is necessary to fulfill its obligation to the Commission. The Commission directs its financial advisor to veto any proposal that does not comply with all of the criteria established in this Financing Order. The Commission's financial advisor shall ensure that the structuring and pricing of the transition bonds result in the lowest transition-bond charges consistent with market conditions and the terms of this Financing Order and that it protects the competitiveness of the retail electric market in this state. The Commission's financial advisor shall give effect to the Commission's directive that the caps in this Order related to costs and maximum interest

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 71 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 65 OF 72

rates are ceilings, not floors, and shall inform the Commission of any items that, in the financial advisors opinion, are not reasonable. The financial advisor shall notify the Applicant and the Commission no later than 12:00 p.m. CST on the second business day after the pricing date for each series of transition bonds whether the pricing and structuring of that series of transition bonds complies with the criteria established in this Financing Order.

22. <u>Use of SPE</u>. Applicant shall use a special purpose entity (SPE) as proposed in its application in conjunction with the issuance of any transition bonds authorized under this Financing Order. The SPE shall be funded with an amount of capital that is sufficient for the SPE to carry out its intended functions and to minimize the possibility that Applicant would have to extend funds to the SPE in a manner that could jeopardize the bankruptcy remoteness of the SPE.

C. Servicing

23. Servicing Agreement. The Commission authorizes Applicant to enter into the servicing agreement with the SPE and to perform the servicing duties approved in this Financing Order. Without limiting the foregoing, in its capacity as initial servicer of the transition property, Applicant is authorized to calculate, bill and collect for the account of the SPE, the transition charges initially authorized in this Financing Order, as adjusted from time to time to meet the Periodic Payment Requirement as provided in this Financing Order; and to make such filings and take such other actions as are required or permitted by this Financing Order in connection with the periodic true-ups described in this Financing Order. The servicer shall be entitled to collect servicing fees in accordance with the provisions of the servicing agreement, provided that, as set forth in Appendix C to this Financing Order, (i) the annual servicing fee payable to Applicant while it is serving as servicer (or to any other servicer affiliated with Applicant) shall not at any time exceed 0.05% of the original principal amount of the transition bonds, and (ii) the annual servicing fee payable to any other servicer not affiliated with Applicant shall not at any time exceed 0.60% of the original principal amount of the transition bonds.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 72 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 66 OF 72

- 24. Replacement of Applicant as Servicer. In the event of a default by Applicant in any of its servicing functions with respect to the transition charges, the financing parties may replace Applicant as servicer in accordance with the terms of the servicing agreement. No entity may replace Applicant as the servicer in any of its servicing functions with respect to the transition charges and the transition property authorized by this Financing Order, if the replacement would cause any of the then current credit ratings of the transition bonds to be suspended, withdrawn, or downgraded.
- 25. <u>Collection Terms.</u> The servicer shall remit collections of the transition charges to the SPE or the indenture trustee for the SPE's account in accordance with the terms of the servicing agreement.
- 26. <u>Contract to Provide Service.</u> To the extent that any interest in the transition property created by this Financing Order is assigned, sold or transferred to an assignee,³⁴ Applicant shall enter into a contract with that assignee that requires Applicant to continue to operate its transmission and distribution system in order to provide electric services to Applicant's customers.

D. Retail Electric Providers

27. REP Billing and Credit Standards. The Commission approves the REP standards detailed in Findings of Fact Nos. 54 through 56. These proposed REP standards are the most stringent that can be imposed on REPs by the servicer under this Financing Order and relate only to the billing and collection of transition charges authorized under this Financing Order, and do not apply to collection of any other nonbypassable charges or other charges. The standards apply to all REPs other than REPs that have contracted with the transmission and distribution company to bill and collect transition charges from retail customers. REPs may contract with parties other than the transmission and distribution company to bill and collect transition charges from retail customers, but such REPs shall remain subject to these standards. If the Commission later determines (e.g., through Project No. 21082, Certification of Retail Electric Providers and

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 73 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 67 OF 72

Registration of Power Generation Companies and Aggregators or other rulemakings or proceedings) that different standards are to be applied to REPs in particular areas (e.g., payment terms), then those new standards, with appropriate modifications to related provisions, may replace the specific areas in the standards approved by this Financing Order, but only if each of the rating agencies that have rated the transition bonds provide written confirmation to the Commission that such modifications will not cause a suspension, withdrawal, or downgrade of the ratings on the transition bonds. Upon adoption of any rule addressing any of these REP standards, ORA shall initiate a proceeding to investigate the need to modify the standards adopted in this Financing Order to conform to that rule and to address whether each of the rating agencies that have rated the transition bonds will determine that such modifications will not cause a suspension, withdrawal, or downgrade of the ratings on the transition bonds. Modifications to the REP standards adopted in this Financing Order may not be implemented absent prior written confirmation from each of the rating agencies that have rated the transition bonds that such modifications will not cause a suspension, withdrawal, or downgrade of the ratings on the transition bonds. The servicer of the transition bonds shall also comply with the applicable provisions of the REP standards adopted by this Financing Order.

- 28. <u>Transition Charge Remittance Procedures.</u> Transition charges shall be billed and collected in accordance with the REP standards adopted by this Financing Order. REPs shall be subject to penalties as provided in these standards. A REP shall not be obligated to pay the overdue transition charges of another REP whose customers it agrees to serve.
- 29. Remedies Upon REP Default. A servicer of transition bonds shall have the remedies provided in the REP standards adopted by this Financing Order. If a REP that is in default fails to immediately select and implement one of the options provided in the REP standards or, after making its selection, fails to adequately meet its responsibilities under the selected option, then the servicer shall immediately cause the provider of last resort or a qualified REP to assume the responsibility for the billing and collection of transition charges in the manner and for the time provided in the REP standards.

³⁴ PURA § 39.302(1) defines an assignee as any individual, corporation, or other legally recognized entity to which an interest in transition property is transferred, other than as security, including any assignee of that party.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 74 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 68 OF 72

- 30. <u>Billing by Providers of Last Resort.</u> Every provider of last resort appointed by the Commission shall comply with the minimum credit rating or deposit/credit support requirements described in the REP standards in addition to any other standard that may be adopted by the Commission. If the provider of last resort defaults or is not eligible to provide billing and collection services, the servicer shall immediately assume responsibility for billing and collection of transition charges and continue to meet this obligation until a new provider of last resort can be named by the Commission or the customer requests the services of a REP in good standing. Retail customers may never be directly re-billed by the successor REP, the provider of last resort, or the servicer for any amount of transition charges the customers have paid their REP.
- 31. <u>Disputes.</u> Disputes between a REP and a servicer regarding any amount of billed transition charges shall be resolved in the manner provided by the REP standards adopted by this Financing Order.
- 32. <u>Metering Data.</u> If the servicer is providing metering services to a REP's retail customers, then metering data shall be provided to the REP at the same time as the billing. If the servicer is not providing the metering, the entity providing metering services shall complying with Commission rules and ensure that the servicer and the REP receive timely and accurate metering data in order for the servicer to meet its obligations under the servicing agreement and this Financing Order.
- 33. <u>Charge-Off Allowance.</u> The REP may retain an allowance for charge-offs from its payments to the servicer as provided in the REP standards adopted by this Financing Order.
- 34. <u>Service Termination.</u> In the event that the servicer is billing customers for transition charges, the servicer shall have the right to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer pursuant to applicable Commission rules. In the event that a REP or the provider of last resort is billing customers for transition charges, the REP shall have the right to transfer the customer to the provider of last resort or to another certified REP, or to direct the servicer to terminate transmission and distribution service

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 75 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 69 OF 72

to the end-use customer for non-payment by the end-use customer pursuant to applicable Commission rules.

E. Structure of the Securitization

35. <u>Structure.</u> Applicant shall structure this securitization as proposed in the Company's application as modified by this Financing Order. This structure shall be consistent with Findings of Fact Nos. 99 through 102.

F. Use of Proceeds

36. <u>Use of Proceeds.</u> Upon the issuance of transition bonds, the SPE shall pay the net proceeds from the sale of the transition bonds (after payment of transaction costs) to Applicant for the purchase price of the transition property. The net proceeds from the sale of the transition bonds (after payment of transaction costs) shall be applied to a refinancing or retirement of Applicant's debt or equity, or both, in proportions that maintain a common equity ratio of 45% to 48% (with a target of 45%), excluding consideration of the transition bonds, as described in the Company's application and the Letter Agreement. In the cost unbundling and separation proceeding conducted pursuant to PURA § 39.201, any impact on the Company's capital structure as a result of securitization will not be used to set a higher cost of capital for the Company's successor transmission and distribution utility than would otherwise be calculated based upon the risks, operations and business conditions of the regulated transmission and distribution utility. In addition, the Commission may evaluate, in the same proceeding, whether Applicant took advantage of this refinancing opportunity to mitigate other restructuring problems and costs.

G. Miscellaneous Provisions

Annual Report and Stranded Costs. Applicant shall remove from the annual report and from excess-cost-over-market calculations the regulatory assets securitized under this Financing Order (including related SFAS 109 assets), associated ADIT, associated cost of service items, and loss on reacquired debt, as described in Finding of Fact Nos. 107 through 112. This Financing Order does not address the remaining \$277,000,000, as of December 31, 1998, of the generation-related portion of the Texas retail jurisdictional portion of the Company's

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 76 of 142

DOCKET NO. 21528 FINANCING ORDER PAGE 70 OF 72

regulatory assets that is composed entirely of SFAS-109 assets, that was not included in the Company's proposal.

- 38. <u>Continuing Issuance Right.</u> Applicant has the continuing irrevocable right to cause the issuance of transition bonds in one or more series in accordance with this Financing Order for a period of fifteen months following the date on which this Financing Order becomes final and no longer appealable.
- 39. <u>Internal Revenue Service Private Letter or Other Rulings.</u> Upon receipt, Applicant shall promptly deliver to the Commission a copy of each private letter or other ruling issued by the Internal Revenue Service with respect to the proposed transaction, the transition bonds or any other matter related thereto. Applicant shall also include a copy of every such ruling by the IRS that it has received, as an attachment to each issuance advice letter required to be filed by this Financing Order. Applicant shall not cause transition bonds to be issued absent receipt of a private letter ruling as described in the Application.
- 40. <u>Binding on Successors.</u> This Financing Order, together with the transition charges authorized in it, shall be binding upon Applicant and any successor to Central Power and Light Company that provides transmission and distribution service directly to retail customers in Central Power and Light Company's existing certificated service area as of May 1, 1999, and any other entity that provides transmission or distribution services to retail customers within that service area. This Financing Order is also binding upon each REP, and any successor, that sells electric energy to retail customers located within that service area, any other entity responsible for billing and collecting transition charges on behalf of the SPE, and any successor to the Commission. In this paragraph, a "successor" means any entity that succeeds by any means whatsoever to any interest or obligation of its predecessor, including by way of bankruptcy, reorganization or other insolvency proceeding, merger, assignment, pledge or other security, by operation of law, or otherwise.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 77 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 71 OF 72

- 41. <u>Flexibility.</u> Subject to compliance with the requirements of this Financing Order, Applicant and the SPE shall be afforded flexibility in establishing the terms and conditions of the transition bonds, including the final structure of the SPE as a Delaware business trust or Delaware limited liability company, repayment schedules, term, payment dates, collateral, credit enhancement, required debt service, reserves, interest rates, indices and other financing costs and the ability of Applicant, at its option, to issue one or more series of transition bonds.
- 42. <u>Effectiveness of Order.</u> Subject to the terms of this Financing Order, it becomes effective upon issuance and is not subject to rehearing by the Commission. Notwithstanding the foregoing, no transition property shall be created hereunder, and Applicant shall not be authorized to impose, collect, and receive transition charges, until concurrently with the transfer of Applicant's rights hereunder to the SPE in conjunction with the issuance of the transition bonds.
- 43. <u>Regulatory Approvals.</u> All regulatory approvals within the jurisdiction of the Commission that are necessary for the securitization of the transition charges associated with the regulatory assets and other qualified costs that are the subject of the Application, and all related transactions contemplated in the Application, are granted.
- 44. Payment of Commission's Costs for Professional Services. In accordance with PURA § 39.302(4), Applicant shall pay the costs to the Commission of acquiring professional services for the purpose of evaluating Applicant's proposed transaction, including, but not limited to, the Commission's outside attorneys fees in the amounts specified in this Financing Order no later than 30 days after the issuance of any transition bonds.
- 45. Payment of Commission's Financial Advisor. The fee for the Commission's financial advisor shall be a fixed fee payable at closing by wire transfer, and shall not exceed \$1,700,000, with \$500,000 to be funded out of the underwriter's spread as set forth in Appendix C, and the remaining amount, not to exceed \$1,200,000, to be included in the aggregate cap on the up-front costs to be securitized of \$33,600,408.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 78 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 72 OF 72

- 46. Effect. This Financing Order constitutes a legal financing order for Central Power and Light Company under Subchapter G of Chapter 39 of PURA. The Commission finds this Financing Order complies with the provisions of Subchapter G of Chapter 39 of PURA. A financing order gives rise to rights, interests, obligations and duties as expressed in Subchapter G of Chapter 39 of PURA. It is the Commission's express intent to give rise to those rights, interests, obligations and duties by issuing this Financing Order. Applicant and the servicer of transition bonds are directed to take all actions as are required to effectuate the transactions approved in this Financing Order, subject to the compliance with the criteria established in this Financing Order.
- 47. <u>All Other Motions Denied.</u> All motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief not expressly granted herein, are denied for want of merit.

SIGNED AT AUSTIN, TEXAS the March 2000.

PAT WOOD, III, CHAIRMAN

BRETT A. PERLMAN, COMMISSIONER

WALSH, COMMISSIONER

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 79 of 142

DOCKET NO. 21528

FINANCING ORDER

APPENDIX A

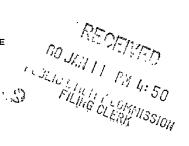
Contents

- 1. Letter Agreement dated January 11, 2000 between Central Power and Light Company and the Office of Regulatory Affairs
- 2. Letter Agreement dated January 25, 2000 between Central Power and Light Company and the Office of Regulatory Affairs
- 3. Letter Agreement dated February 9, 2000 between Central Power and Light Company, Office of Regulatory Affairs, Office of Public Utility Counsel, Texas Industrial Energy Consumers, and State of Texas

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 6 Page 80 of 142

PRATT & GRANT

A PROFESSIONAL CORPORATION ATTORNEYS AT LAW SUITE 250, ONE NORTHPOINT CENTRE 6836 AUSTIN CENTER BLVD. AUSTIN, TEXAS 78731 (512) 794-2100 FAX (512) 794-2111



January 11, 2000

Mr. Thomas Best Public Utility Commission of Texas 1701 N. Congress Avenue Austin, Texas 78701

> Re: PUC Docket No. 21528, Application of Central Power and Light Company for a Financing Order to Securitize Regulatory Assets and Other Qualified Costs

Dear Mr. Best:

This letter is to memorialize the agreements reached between Central Power and Light Company (CPL) and the Office of Regulatory Affairs (ORA), collectively referred to as the "Parties," concerning how major issues should be resolved in Docket No. 21528. The Parties have agreed to submit briefs supporting resolution of issues in the manner indicated below. While the Parties remain willing to consider modification of the positions listed below to address concerns of intervenors, the Parties nonetheless agree to support the below-listed positions unless they have mutually agreed to modify the positions.

The matters are agreed to as a compromise and settlement. Except to the extent that the agreements herein expressly govern a Party's rights and obligations for future periods, the agreements herein shall not be binding or precedential upon a Party outside this case. It is acknowledged that a Party's support of the matters contained herein may differ from the position taken or testimony presented by it in other dockets. To the extent that there is a difference, a Party does not waive its position in any other dockets. No Party is under any obligation to take the same positions as set out herein in other dockets, whether those dockets present the same or a different set of circumstances, except as may otherwise be explicitly provided herein.

The Parties agree to file this letter in Docket No. 21528 to provide information to the Commission and other parties concerning the agreements reached, and because a number of issues may be important to consider for consistency with other securitization financing orders in other Texas proceedings.



The agreements reached are as follows:

- 1. <u>Amount Securitized</u>. The Parties agree that the December 31, 1998, balances of regulatory assets should be permitted to be securitized in an amount equal to \$949,137,000 as shown on Attachment 1. This amount represents certain of the Texas retail jurisdiction portion of generation-related regulatory assets included on CPL's books at December 31, 1998. The amount is based on CPL's original filing modified by the following agreements:
 - (a) Deferred EBS costs will not be securitized;
 - (b) DOE D&D costs will not be securitized, with the Parties supporting continued recovery of the amounts as reconcilable fuel;
 - (c) SFAS 109 regulatory assets related to regulatory assets being securitized are included in the amount permitted to be securitized; however, SFAS 109 regulatory assets relating to generating plant accumulated deferred income taxes (ADIT), including the related gross-up, will be included in any future determinations of stranded costs as deferred debits under PURA Section 39.251(7) and excluded from the amount to be securitized in this proceeding;
 - (d) Regulatory liabilities and ITC related to generating plant will not reduce the amount securitized, but will be included in any future determinations of stranded costs.
- 2. Accumulated Deferred Income Taxes. The Parties agree that the ADIT benefits related to regulatory assets securitized will be credited to customers through a negative non-securitized competition transition charge (CTC) applied pursuant to a tariff which credits customers with the ADIT revenue requirement impacts in the same manner as the transition charge. The negative CTC initially is to be based on a balance of ADIT as of December 31, 1998 equal to \$332,198,000 as shown on Attachment 1. The negative CTC and associated ADIT balance is to be treated consistent with the treatment of the transition charges and securitization bonds in the Annual Report as discussed below. ADIT related to assets other than those securitized will be included in any future determinations of stranded costs.

The Parties agree to the following language in the Financing Order:

The securitization methodology requested by, and granted to, the applicant excludes accumulated deferred income taxes from securitization financing. The benefits related to accumulated deferred income taxes will be returned to ratepayers through a negative non-securitized competition transition charge. This negative non-securitized competition transition charge will be adjusted to reflect the ADIT balance applicable to the unamortized regulatory assets securitized. The benefits related to the deferred

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 82 of 142

income taxes will be determined using CPL's cost of capital as determined in Docket No. 14965.

The benefits related to the deferred income taxes will be calculated by applying the applicable rate of return, as ordered in Docket No. 14965, to the balance of accumulated deferred income taxes. The benefits will be increased to reflect the reduction to federal income taxes and other revenue related taxes and fees related to the reduction in return.

CPL's blended rate of return granted in Docket No. 14965 is 8.765% with an underlying weighted cost of equity of 5.04%. The blended rate of return is applicable to the deferred income taxes associated with all regulatory assets except for those related to accounting order deferrals. The rate of return granted in Docket No. 14965 that is applicable to the accumulated deferred income taxes related to the accounting order deferrals is 9.13%. The weighted cost of the common equity component associated with the accounting order deferrals is 5.41%.

CPL will be required to maintain sufficient books and records that will allow the identification of the accumulated deferred income tax balance associated with the unrecovered principal balance and that portion related to the unrecovered portion of accounting order deferrals.

CPL also agrees that in the event that it is prevented from crediting all or a portion of the negative CTC to customers through actions of the Legislature or for any other reason, and the economic benefits that would have been obtained from application of the negative CTC are not credited to customers through another rate mechanism, CPL agrees to provide the remaining economic benefits that would have been obtained from application of the negative CTC to customers through a mechanism approved by the Commission.

- 3. <u>Annual Report and ECOM Provisions</u>. The Parties agree that as a result of securitization:
 - (a) The loss on reacquired debt securitized should be removed from the cost of capital calculation for purposes of computing ECOM in any future determination of stranded costs and the Annual Report pursuant to PURA Section 39.257;
 - (b) No amortization of regulatory assets securitized will be included in the Annual Report pursuant to PURA Section 39.257 for 1999 and after.
 - (c) The balance of securitized regulatory assets and associated ADIT will be excluded from rate base in the first Annual Report pursuant to PURA 39.257 after the securitization bonds are issued, and will be prorated to reflect the portion of the year the bonds are outstanding, to the extent that such treatment is consistent with PURA. If determined to be inconsistent with PURA, the Parties

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 83 of 142

agree to work together in good faith to attempt to determine a treatment that is consistent with PURA and properly recognizes the impact of the transaction.

4. Other Qualified Costs. The Parties agree to limit those Other Qualified Costs addressed in Attachment 2 to the amounts shown in Attachment 2. Upfront costs addressed by this agreement are shown on page 1 of Attachment 2; ongoing qualified costs addressed by this agreement are shown on page 2. Those costs listed as variable on page 1 of Attachment 2 will be limited to no more than the stated percentages of the original issue size. Those costs listed as fixed on page 1 of Attachment 2 will be included at the amounts stated. The upfront other qualified costs will be trued up to actual in subsequent securitization or stranded cost proceedings.

In addition to the foregoing, CPL's current estimate of the cost to reacquire outstanding securities is \$19,600,000 (pro-rated from CPL rebuttal testimony). The Parties support that at the time the bonds are priced, an updated estimate of the costs to reacquire securities will be provided by CPL and be used to determine the level of Other Qualified Costs to be included in the amount of transition bonds to be issued. Such costs will be trued-up to actual in subsequent securitization or stranded cost proceedings and the difference between actual and estimated costs will be reconciled in those proceedings.

- 5. <u>Periodic Billing Requirements</u>. The Parties agree the periodic billing requirements should be established in the manner proposed in CPL rebuttal testimony of Mr. David Carpenter as follows:
 - (a) The target Periodic Billing Requirement (PBR) during the rate freeze period will be set at the revenue requirement included in CPL's rates prior to securitizing regulatory assets. Fixing the PBR at this level will ensure that during the rate freeze period, customers will pay for transition charges no more than the amount they would have paid if CPL did not securitize regulatory assets.
 - (b) After the rate freeze period through 2006, the target PBR will be limited to a level that is 6% less than the revenue requirement included in CPL's rates prior to securitizing regulatory assets to reflect CPL rates as a consequence of the Price to Beat. Again, limiting the target PBR to this level will ensure that during the Price to Beat period, customers will pay no more than the amount for transition charges as they would have paid if CPL did not securitize regulatory assets.
 - (c) Beginning in 2007, after the Price to Beat period, the annual PBR will be adjusted to provide for the payment of the remaining securitization bond principal balance on approximately a straight-line basis by the end of the fourteenth year after issuance of the bonds, subject to avoiding a large increase in the PBR at the end of the Price to Beat period.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 84 of 142

6. Rate Design and Allocation of Billing Requirements. The Parties agree that the jurisdictional allocation proposed by Staff witness Harika Basaran should be adopted for this case. The Parties recognize that in making this concession, none of them are precluded from advocating a different jurisdictional allocation methodology in future proceedings.

In developing energy allocations for retail customer class purposes, the energy consumption will be based on the twelve months ending May 1, 1999, adjusted only for normal weather conditions and line losses, as supported by ORA witness Harika Basaran.

Attachment 4 shows the development of the demand and energy allocations for retail customer classes. Unless evidence satisfactory to the Commission is provided no later than September 1, 2001 which supports the continued exclusion of qualifying cogeneration projects pursuant to PURA § 39.262(k), the related pro forma adjustments agreed to herein will be discontinued in accordance with the true-up procedure agreed to below. The Parties also agree that the allocations may be later revised in the event that the pro forma adjustments do not reflect actual experience. In developing demand allocations for the non-firm class allocation, the approach shown on page 2 of Attachment 4 will be used. The demand allocation discussed in this paragraph will be subject to the true-up mechanism discussed below.

The TC rate classes agreed to by the Parties are those shown in Attachment 3 to this letter and will be billed on demand or energy. The rate classes will include a separate standby rate based upon daily demand usage. CPL and ORA agree that TC charges are not to apply to CPL's EAPS rate through December 31, 2001. After December 31, 2001, any service comparable to EAPS that would be provided by a REP is subject to industrial rate transition charges.

- 7. True-up Procedure. The Parties agree to support the true-up procedure proposed by ORA witness Mr. Brian Lloyd in his testimony, with the modification to the non-standard true-up mechanism proposed by Mr. Moncrief in his rebuttal testimony. It is specifically intended by the Parties that adoption of this procedure will result in collection of 100% of transition charges and will not delay or interrupt the collection of such charges.
- 8. <u>Use of Proceeds</u>. The Parties agree that debt and equity should be retired in amounts sufficient to achieve a common stock equity ratio of between 45% and 48% (with a target of 45%), excluding consideration of securitization bonds. Long-term debt will be reacquired by CPL in amounts sufficient to achieve the target equity ratio. CPL would specifically agree that the effect on its capital structure from retiring/refinancing debt and equity with securitization proceeds related to this docket will not be used as a means of setting a higher cost of capital in the Commission's April 2000 unbundling proceedings for CPL's regulated transmission and distribution system than would

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 85 of 142

otherwise be calculated based upon the risks, operations and business conditions of the regulated T&D utility.

If the above properly reflects the understanding of the Parties, would you so note by countersigning this letter and returning a copy to me.

Sincerely,

Larry W. Brewer

ZWR

for Central Power and Light Company

Public Utility Commission of Texas Office of Regulatory Affairs

Thomas Best, Attorney

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 86 of 142

Attachment 1

PUCT Docket No. 21528 Application of Central Power and Light Company for a Financing Order to Securitize Regulatory Assets and Other Qualified Costs

<u>Description</u>	Balance at December 31, 1998 <u>Securitized</u>	Related SFAS 109 Regulatory <u>Asset</u>	Regulatory Assets Securitized	Related ADIT Balance
		(Thousands of Dollars)		
Mirror CWIP	253,657	136,584	390,241	136,584
Deferred Accounting	482,447	•	482,447	168,856
Deferred Accounting deficiency	4,824	2,598	7,422	2,598
Loss on Reacquired Debt- PCB direct	28,922	-	28,922	10,123
Loss on Reacquired Debt- Other	35,429	•	35,429	12,400
Demand side management	4,676		4,676	1,637
Total Regulatory Assets Securitized	809,955	139,182	949,137	332,198

Attachment 2 Page 1 of 2

Upfront Transition Bond Issuance Costs for CPL

Variable Costs	Percentages Agreed To (%)
Original Issue Discount	Up to 0.1000%
Underwriting Spread	Up to 0.4850%
SEC Registration Fee (1/36th of 1%)	Up to 0.0278%
Subtotal Variable Unfront Expense	IIn to 0 6128%

Fixed Costs	Amounts Agreed To (\$s)
Printing Fees	\$350,000
Trustee Fee and Counsel	50,000
Company Legal Fees and Expenses	2,500,000
Underwriters' Legal Fees and Expenses	300,000
Accountant's/Auditor's Fees	500,000
Rating Agency Fees	600,000
Legal Fees for Commission's Counsel	100,000
SPE Setup Costs	25,000
Miscellaneous Fees	1,000,000
(Including CPL Cities' rate case expense)	· ·
Upfront Servicer Setup Costs	500,000
Subtotal Fixed Upfront Expenses	5,925,000

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 88 of 142

Attachment 2 Page 2 of 2

Ongoing Transition Bond Support and Servicing Costs for CPL

Ongoing Servicing Fees	Percentages Agreed To (%)
Annual Fee as Percent of Initial Balance	0.0500%
	Percentage
Ongoing Third-Party Servicing Fees	Agreed To (%)
Annual Fee as Percent of Initial Balance	0.6000%

Fixed Operating Expenses

Trustee Fee and Expenses	To be recovered based on
Independent Managers Fee	amounts actually incurred.
Rating Agency Fees	Annual true-up proceedings to
Miscellaneous Fees	be used to ensure this result.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 89 of 142

Attachment 3

CENTRAL POWER AND LIGHT COMPANY TRANSITION CHARGE RATE CLASS DEFINITION SETTLEMENT POSITION

EXISTING RATE CLASSES PROPOSED TC RATE CLASSES **Economy Residential Service** kWh Standard Residential Service kWh Residential Service with Electric Water Heating kWh Security and Floodlighting Service kWh Residential General Service kWh Security and Floodlighting Service kWh Small Irrigation Service kWh Large Irrigation Service kWh Commercial Water Heat Commercial and Small Industrial - Energy kWh Lighting and Power Service kW Industrial Power Service kW State Institutional Service kW Petroleum Service Commercial and Small Industrial - Demand kW Large Industrial Power Large Industrial - Firm kW Standby With Maintenance Power Firm Standby kW As Available Standby Power Non-Firm Standby kW Interruptible Service (A) - ISA Interruptible Service (B) - ISB kW kW Experimental Interruptible Service (SP) - ISPS kW Large Industrial - Non-Firm Municipal Pumping Service kWh Street Lighting Service kWh Traffic Lighting Service kWh Cotton Gin Service Municipal and Cotton Gin kWh

DEVELOPMENT OF DEMAND ALLOCATORS ORA RECOMMENDED METHODOLOGY PURSUANT TO PURA 39.253 FOR SETTLEMENT

Proposed	0 9 7 9 9 9 9 7 9 7	Related Revenue non-firm @ 100% (2) \$6,537,831 116,512,154	Allocation Factors (3)	Measurable Adjustments 1 (4)	Measurable Adjustments 2	Related Revenue Non-Firm @ 100%	Allocation
\$ 101 177 177 143 143 144 175 176 176 176 176 176 176 176 176	102,270 009,398 306,332 158,879 576,878 366,130 390,393 390,393 405,476	(2) \$8,537,831 116,512,154		(+)		(5)	É
nvice 143 Realdential \$338 S144	516,332 158,879 516,879 366,130 390,393 936,447 157,607		1 19%	:	<u>e</u>	(6) \$8,537,831 \$15,45,454	1 22%
Residential \$338 1144 STI44 ST	576,878 366,130 390,393 396,447 405,476 157,807	92,742,778 3,851,830	16 94%			\$92,742,778	17 26% 0 72%
\$144 ng Service 9	366,130 390,393 936,447 405,476 157,607	\$219,644,593	40.13%			\$219,844,593	40.88%
ng Service 9	390,393 936,447 405,476 157,607	\$107,002,235	19 55%			\$107,002,235	19 92%
		5,529,342 622,747 2,561,783 112,062	101% 011% 047% 002%			\$5,528,342 \$622,747 \$2,581,783	103% 0 12% 0 48%
Com, and Small Ind Energy \$158,2:	\$158,258,053	\$115,828,169	21.16%			\$115,828,189	21.56%
\$104,3; Industrial Power Service 59,9;	\$104,370,655 59,954,792	\$79,583,637 50,392,842	14 54% 9 2 1 %			\$79,583,637 \$50,392,942	14 81%
Patroleum Service 17,77	17,725,728	14,741,608	2 69%			\$14,741,608	2 74%
Com. and Small Ind Demand \$182,00	\$182,051,175	\$144,718,185	28.44%			\$144,718,185	28.94%
Lerge Industrial Power \$29,88 Standby With Meintenance Power 9,38	\$29,650,081 9,396,578	\$24,099,774 7,637,599	4 40%	-19 63% (\$4,730,784)	\$1,185,559	\$19,368,988	361%
Industrial Firm \$39,04	839,045,659	\$31,737,373	5.80%	(\$4,730,788)	\$1,185,559	\$28.192.147	5.25%
\$1,63 Experimental - EAPS 22,04 Interruptible Service (B) - ISB 22,04 Other Interruptible Service (SA & ISPS 4,15	\$1,823,657 22,043,802 4,136,871	\$1,402,791 16,958,509 3,182,159	0 26% 0 00% 3 10% 0 58%	-45 41% (87,699,954)	\$1,158,044	\$2,556,835 \$0,256,558 \$3,182,159	0 45% 0 00% 1 72% 0 59%
tndustrial Non-Firm \$28,00	\$28,004,330	\$21,541,480	3.84%	(\$7,689,951) \$	1,158,044	\$14,997,553	2.78%
Municipal Pursping Service \$12,45 Streat Lighting Service 7,00 Traffic Lighting Service 73 Cotton Gin Service Municipal \$13,83	\$12,422,402 7,049,093 734,653 1,305,158 \$21,511,208	\$10,022,218 3,055,468 640,815 163,397	183% 0 56% 0.12% 0 03%			\$10,022,218 \$3,055,488 \$640,815 \$163,397	1 87% 0 57% 0 12% 0 03%

Column (1) Base revenues from JRRS D-14965 Column (2) Base revenues from JRRS D-14965 Column (1) Base revenues from JRRS D-14965 Column (2) Column (3) Column (1) minus-frans-Dist-Customer costs Column (3) Column (3) Tolumn (2) Tolumn (3) Tolumn (3) Tolumn (2) Tolumn (3) Tolum	2 \$547,351,498	100 00%	(\$12,430,737)	\$2,341,603	\$537,262,364	100.00%	8
14965				Column (5)	stand by firm	stand by non-fir	-
14865	Description Of Columns:			•	rider 10	rider 11	
Cultomer costs (2 0,000 Column (5) (4 0,000 Column (6) (4 0,000 Column (7) (4 0,000 Colum	Column (1). Base revenues	form JRRS D-149	965	<u>5</u>			
Column (2) (2) (5) (5) (5) (5) (5) (6) (6) (7) (7) (7) (7) (7) (7) (7) (7) (7) (7	Column (2) Column (1) mit	nus-Trans-Dist-Cu	stomer costs	ซ	10,000		용
# # # # # # # # # # # # # # # # # # #	Column (3) Column (2) dry	ided by total of Co.	furm (2)	8	9000		8
Column (5) Col	Column (4) Adjustments for	r eligible on-site &	Daw load	2			
Column (5) Italian Column (5) Italian	Column (5) Adjustments for	r new load from ell-	pible on-site	18	25,000		8
Column (5) Icial new load 55,000 124 Column (5) Charge \$ 160 \$ Additional revenue \$ 1,185,559 \$ 1,188 \$ 1,	Column (5) Column (2) + ((g) + (g)		8	9000		
charge \$ 160 \$ additional revenue \$ 1,185,559 \$ 1,186 inspected from the Viced	Column (6): Column (5) div	fded by total of Col		total new load	55,000	•	8
additional revenue \$ 1,185,559 \$	ADJUSTMENTS IN COLUI	MN 4 IS FROM		charge	\$ 180	••	0 78
	WP/HS-Cont DRM/p 10 o	2		additional revenue expected from new l	70		콯

Docket No. 21528 SETTLEMENT

Development of ORA's Regulatory Asset Allocation Factors Pursuant to Steps in PURA 39.253(c) - (e) For Settlement

ATTACHMENT 4 PAGE 2 OF 3

	Adjusted	Adjusted	STEP	STEP	SIEPZ	SICPZ	2 73 2	משנה	מקוני	4 1210	0 ET 4
	Production	01-May-99	*	\$949,137,000	Non-Firm		Remaining classes		\$554,007,581	ORA	ORA
	Demand	Energy	Residential.	Allocation to	at 150%	Non-Firm	DEMAND	Remaining	Remaining classes	Proposed	Proposed
	Allocation	Allocators	50 D/ 50 E	Residential		at 150%	ALLOCATION	Classes	stranded costs	Allocation	RAAF
EXISTING RATE CLASSES	Factors		RAAF		RAAF	Dollars	FACTORS	Totaled to 100	•	69	
	Ξ	(2)	(3)	₹	(9)	(9)	a	(8)	(6)	(10)	3
Economy Residential Service Standard Residential Service	1.22%	0.59%	19 35%	\$8,581,998 \$183,699,407						\$8,581,998 \$183,699,407	0.9042%
Residential Service with EWH	17 26%		1671%	\$158,562,653						\$159 562 653	16 7080%
Security and Floodlighting Service	0.72%			\$4,542,957						\$4,542,957	0 4786%
Residential	40.85%	34.00%	37.4432%	\$355,387,014						\$355,387,014	37.4432%
General Sarvice	19 92%						19 92%	35.36%	956 988 SB1\$	\$195 B89 256	20.6387%
Security and Flooditchting Service	103%					-	1.03%		\$10,122,580	\$10,122,580	1.0665%
Small Impation Service	0 12%				_		0.12%		\$1,140,064	\$1,140,064	0 1201%
Large Irrigation Service	0 48%					•	0.48%		\$4,689,862	\$4,689,862	0 4941%
Commercial Water Heat	0.02%						0.02%	0.04%	\$205,152	\$205,152	0.0216%
Com. and Small Ind Energy	21.56%			;			21.56%	38.26%	\$212,046,915	\$212,048,915	22,3410%
							74077	AUG SC	190 000 0119	6445 603 064	40000
Lighting and Fower Service	2000						7986.0			145,035,361	7,005%
ercusurei Powei del Vide Petrolei im Servide	2.74%						2.74%			\$26.987.494	2 8434%
	i							_			
Com. and Small Ind Demand	26.94%	0.00%					26.94%	47.82%	\$284,935,938	\$264,935,938	27.9134%
Large Industrial Power	3.61%						361%	6.40%		\$35,458,855	3 7359%
Standby With Maintenance Power	164%						164%		\$16,152,578	\$16,152,578	1 7018%
Industrial Firm	5.25%						5.25%	9.32%	\$51,611,433	\$51,611,433	5.4377%
A. A. A. Almalobia Standby Course	0.48%				0.71%	\$6 780 723				\$6.780.723	0 7144%
To average control of the control of	3000				%(C) 0	S				S	%00000
Capelliteinel - Caro Internatible Service (B) - ISB	1 72%				2 58%	\$24,529,195				\$24,529,195	2 5844%
Other Internatible Service 1SA & ISPS	0.59%				%690	\$8,432,487				\$8,432,487	0 6884%
										0\$	%00000
Industrial Non-Firm	2.79%				4.19%	\$39,742,405				\$39,742,405	4.1872%
Mimicipal Primping Service	1.87%						187%	331%	\$18,347,699	\$18,347,699	1 9331%
Street Lighting Service	0 57%						%290		\$5,593,689	\$5,593,689	0 5893%
Traffic Lighting Service	0 12%						0 12%		\$1,172,775	\$1,172,775	0 1236%
Cotton Gin Service	0 03%						0 03%		\$289,131	\$299,131	0.0315%
Municipal	2.58%						2.58%	4.69%	\$25,413,295	\$25,413,295	2.6776%
Total Ratail	100.00%	34.00%	37.44%	\$365,387,014	4.19%	\$39,742,405	56.33%	100,00%	\$554,007,581	\$949,137,000	100.000%

Description Of Columns:
Column (1) Column (7) from WP-11B2-CPL-Demand
Column (2) Column (1) from WP-18B2-CPL-Energy
Column (3): Average of Column (1) and Column (2)
Column (4): Total Dollars times Column (3)
Column (5) Column (1) times 15
Column (6): Column (5) times 16

Column (7) Column (1)
Column (8) Column (7) divided by total of column (7)
Column (9) Column (6) times remaining costs \$553,358,940
Column (10) Allocated costs
Column (11) Column (10) divided by total costs

100.00%

22,954,678,670

100.00%

22,954,678,670

21,445,101,971

Total Retail

2

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 93 of 142

PRATT & GRANT

A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
SUITE 250, ONE NORTHPOINT CENTRE
6836 AUSTIN CENTER BLVD.
AUSTIN, TEXAS 78731
(512) 794-2100
FAX (512) 794-2111



January 25, 2000

Mr. James Galloway
Filing Clerk
Public Utility Commission of Texas
1701 N. Congress Avenue, Rm. 7-180
Austin, Texas 78701

Re: PUC Docket No. 21528, Application of Central Power and Light Company for a Financing Order to Securitize Regulatory Assets and Other Qualified Costs

Dear Mr. Galloway:

•

Enclosed herewith for filing is a letter clarifying and making minor modifications to the agreement between ORA and CPL filed on January 11, 2000. CPL is filing this document with the Commission to be considered at the January 27, 2000 open meeting. This document is a product of negotiations that have recently been concluded. CPL files the document less than seven days prior to the January 27, 2000 open meeting pursuant to P.U.C. PROC. R. § 22.71(i)(2)(B).

Sincerely,

Z ω \wedge Larry W. Brewer

cc: All Parties by Facsimile



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 94 of 142

1

PRATT & GRANT

A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
SUITE 250, ONE NORTHPOINT CENTRE
6836 AUSTIN CENTER BLVD.
AUSTIN, TEXAS 78731
(512) 794-2100
FAX (512) 794-2111

January 25, 2000

Mr. Thomas Best
Office of Regulatory Affairs
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

RE: Docket No. 21528 – Letter Agreement between CPL and ORA dated January 11, 2000 Clarification and Revision

Dear Tom:

As a result of your call last Friday, I thought it would be best to clarify our prior understanding. I am doing this because I went back and reviewed item 4. "Other Qualified Costs" of our January 11, 2000 letter agreement in Docket No. 21528, and I think it could benefit from this clarification. Also the penultimate paragraph sets out minor revisions to our original agreement.

With respect to the upfront other qualified costs on page 1 of Attachment 2 of the January 11, 2000 agreement, it was our mutual intent that those costs listed as variable could be trued-up in a subsequent securitization or stranded costs proceeding, subject to the stated limits. Using the Underwriting Spread as an example, CPL would be permitted to recover the costs it incurred up to .4850% of the original issue size, but no more. Any difference between the amount recovered through securitization in Docket No. 21528 and the amount actually incurred could be trued-up in a subsequent proceeding, provided it would not cause the total amount to be recovered to exceed .4850% of the original issue size.

With respect to all of the costs shown on page 1 of Attachment 2, both fixed and variable, it was intended that any true-up to actual costs that would occur in subsequent proceedings is a true-up to the reasonable amount of such actual costs, subject to the stated "up to" percentage caps for the variable costs. CPL did not understand that ORA would support recovery of actual costs determined to be unreasonable in amount.



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 95 of 142

Mr. Thomas Best January 25, 2000 Page 2 of 2

CPL and ORA have also agreed to revise the cap on the Original Issue Discount stated on page 1 of Attachment 2 of the January 11, 2000 agreement to an amount "up to 0.5000%." This change from the previously stated amount of 0.1000% will allow additional flexibility in setting the Original Issue Discount without substantially affecting the overall economics of the transaction, because of the offsetting impact to the coupon rate that results from changes to the Original Issue Discount. In addition, CPL and ORA have modified the January 11, 2000 agreement to support applying transition charges to EAPS service as explain on page 27-28 of CPL's Reply Brief filed January 19, 2000.

Please confirm by signing below that this accurately reflects our agreement. This letter may be useful to both of our clients if future questions are raised by those who were not directly involved in negotiating the agreement.

Sincerely,

2 W /Z Larry W. Brewer

on behalf of Central Power and Light Company

Thomas Best, Attorney on behalf of the Public Utility Commission of Texas,

office of Regulatory Affairs

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 6 Page 96 of 142

Pratt & Grant

A PROFESSIONAL CORPORATION

SUITE 250, ONE NORTHPOINT CENTRE (SIVED)
6836 AUSTIN CENTER BLVD.
AUSTIN, TEXAS 78731
(512) 794-2100 00 FEB -9 PH 1: 35 PUDLIC FILING CLERK

February 9, 2000

Commissioner Brett Perlman Commissioner Judy Walsh Chairman Pat Wood Public Utility Commission of Texas 1701 N. Congress Ave. Austin, Texas 78701

> RE: Docket No. 21528 -- Application of Central Power and Light Company for a Financing Order to Securitize Regulatory Assets and Other Qualified Costs

Dear Commissioners:

Subsequent to the January 27, 2000 Open Meeting the parties had additional discussions to determine if a broader consensus could be reached on an amount to securitize. As a result of those discussions, Central Power and Light Company (CPL), Office of Regulatory Affairs (ORA), Office of Public Utility Counsel, Texas Industrial Energy Consumers and State of Texas have reached agreement that the amount that CPL should be permitted to securitize is \$763,734,489. This amount represents securitization of regulatory assets proposed by CPL and ORA in their January 11, 2000 letter agreement, offset by the present value of benefits deriving from the accumulated deferred income tax (ADIT) related to the regulatory assets securitized in the amount of \$185,403,984. The present value of ADIT benefits was determined by applying CPL's cost of capital to ADIT balances and adding related taxes, and discounting those amounts at CPL's pretax cost of capital. Attachment 1 summarizes the regulatory assets that would be securitized and the present value of the related ADIT benefit. Workpapers which show the calculation of the present value of ADIT benefits and derivation of the amount securitized are available from ORA.

The amount agreed to represents a compromise. The parties urge the Commission to adopt it.

Sincerely,

2 W/

Larry W. Brewer

cc: Parties of Record

Attachment 1

PUCT Docket No. 21528
Application of Central Power and Light Company for a Financing Order to Securitize Regulatory
Assets and Other Qualified Costs

Description	Balance at December 31, 1998 Securitized	Related SFAS 109 Regulatory Asset	Regulatory Assets Securitized	Present Value Related ADIT Balance	Net Securitization Amount
Mirror CWIP	253,657,000	136,584,000	390,241,000	(75,181,507)	315,059,493
Deferred Accounting	482,447,027	•	482,447,027	(95,493,968)	386,953,059
Deferred Accounting deficiency	4,824,940	2,598,000	7,422,940	(1,430,047)	5,992,893
Loss on Reacquired Debt	64,351,000	1	64,351,000	(12,397,512)	51,953,488
Demand side management	4.676.506	11	4,676,506	(000,950)	3,775,556
Total Regulatory Assets Securitized	809,956,473	139,182,000	949,138,473	(185,403,984)	763,734,489

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 98 of 142

DOCKET NO. 21528

FINANCING ORDER

APPENDIX B

Description of Regulatory Assets and Other Qualified Costs and Estimated Costs and Expenses Proposed by the Company

FINANCING ORDER Appendix B

PAGE 1 OF 3

CENTRAL POWER AND LIGHT COMPANY

AMOUNT OF REGULATORY ASSETS TO SECURITIZE

Amount of Asset and Related SFAS 109 Asset

Description of Asset	Balance of Asset As of 12-31-1998	Related SFAS 109 Regulatory <u>Asset</u>	Total Regulatory Assets Securitized
Mirror CWIP	\$253,657,000	\$136,584,000	\$390,241,000
Deferred Accounting	482,447,027	_	482,447,027
Deferred Accounting deficiency	4,824,940	2,598,000	7,422,940
Loss on Reacquired Debt	64,351,000	· · ·	64,351,000
Demand side management	4,676,506		4.676,506
Total Regulatory Assets Securitized	\$809,956,47 <u>3</u>	\$139,182,000	\$949.138.473

Net Amount of Assets Securitized

Description of Asset	Total Regulatory Assets Securitized	Present Value Of Related ADIT Balance	Net Amount <u>Securitized</u>
Mirror CWIP	\$390,241,000	\$(75,181,507)	\$315,059,493
Deferred Accounting	482,447,027	(95,493,968)	386,953,059
Deferred Accounting deficiency	7,422,940	(1,430,047)	5,922,893
Loss on Reacquired Debt - PCB direct	64,351,000	(12,397,512)	51,953,488
Demand side management	4,676,506	(900,950)	3,775,556
Total Net Amount of Assets Securitized	\$949.138.473	(\$185,403,984)	\$763,734,489



FINANCING ORDER

PAGE 2 OF 3

Appendix B

UP-FRONT TRANSITION BOND ISSUANCE COSTS TO BE SECURITIZED

Description of Costs	Maximum Amounts
Up-Front Variable Qualified Costs	
Original Issue Discount	0.5000%
Underwriting Spread	0.4850%
SEC Registration Fee (1/36 th of 1%)	0.0278%
Subtotal Up-Front Variable Costs	1.0128%
Up-Front Fixed Qualified Costs	
Printing Fees	\$350,000
Trustee Fee and Counsel	50,000
Company Legal Fees and Expenses	2,500,000
Underwriters' Legal Fees and Expenses	300,000
Accountant's/Auditor's Fees	500,000
Rating Agency Fees	600,000
Legal Fees for Commission's Counsel	100,000
Miscellaneous Fees (Including Cities' rate case expense)	1,000,000
SPE Setup Costs	25,000
Up-front Servicer Setup Costs	500,000
Subtotal	\$5,925,000
Costs to Reacquire Debt and Equity	15,000,000
Subtotal Up-Front Fixed Costs	\$20,925,000
Other Up-Front Variable or Fixed Qualified Costs	
Costs of any additional forms of credit enhancement	Amounts actually incurred.
Estimated total up-front variable and fixed qualified costs to be securitized (assumes \$794,000,000 original principal balance of transition bonds and excluding costs of any additional forms of credit enhancement)	\$29,046,000 (Plus actual costs of any credit enhancements)



FINANCING ORDER

PAGE 3 OF 3

Appendix B

ONGOING TRANSITION BOND SUPPORT AND SERVICING COSTS TO BE RECOVERED THROUGH TRANSITION CHARGES

Ongoing Servicing Qualified Costs	Maximum Amounts
Annual Fee as Percent of Original Balance	0.0500%
Estimated ongoing servicing qualified costs (assuming \$794,000,000 original principal balance of Transition Bonds)	\$397,000

Ongoing Third-Party Servicing Qualified Costs	Maximum Amounts
Annual Fee as Percent of Original Balance	0.6000%
Estimated ongoing third-party servicing qualified costs (assuming \$794,000,000 original principal balance of Transition Bonds)	\$4,764,000

Annual Ongoing Operating Qualified Costs	Maximum Amounts
Trustee Fee and Expenses	To be recovered based on amounts
Independent Managers Fee	actually incurred. True-up proceedings to be used to ensure this
Rating Agency Fees	result.
Costs of any additional forms of credit enhancement provided pursuant to this Financing Order	
Miscellaneous Fees	



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 102 of 142

DOCKET NO. 21528

FINANCING ORDER

APPENDIX C

Description of Regulatory Assets and Other Qualified Costs Approved by the Commission



FINANCING ORDER Appendix C

PAGE 1 OF 3

COMMISSION AUTHORIZED

AMOUNT OF REGULATORY ASSETS TO SECURITIZE

Amount of Asset and Related SFAS 109 Asset

Description of Asset	Balance of Asset As of 12-31-1998	Related SFAS 109 Regulatory <u>Asset</u>	Total Regulatory Assets Securitized
Mirror CWIP	\$253,657,000	\$136,584,000	\$390,241,000
Deferred Accounting	482,447,027	_	482,447,027
Deferred Accounting deficiency	4,824,940	2,598,000	7,422,940
Loss on Reacquired Debt	64,351,000	<u>-</u>	64,351,000
Demand side management	4,676,506		<u>4,676,506</u>
Total Regulatory Assets Securitized	\$809,956,473	<u>\$139,182,000</u>	<u>\$949,138,473</u>

Net Amount of Assets Securitized

	Total Regulatory Assets	Present Value Of Related	Net Amount
Description of Asset	Securitized	ADIT Balance	Securitized
Mirror CWIP Deferred Accounting Deferred Accounting deficiency Loss on Reacquired Debt – PCB direct Demand side management	\$390,241,000 482,447,027 7,422,940 64,351,000 4,676,506	\$(75,181,507) (95,493,968) (1,430,047) (12,397,512) (900,950)	\$315,059,493 386,953,059 5,922,893 51,953,488 3,775,556
Demand side management	<u> </u>		
Total Net Amount of Assets Securitized	\$949,138,473	(\$185,403,984)	\$763,734,489

FINANCING ORDER

PAGE 2 OF 3

Appendix C

UP-FRONT TRANSITION BOND ISSUANCE COSTS TO BE SECURITIZED

200	Estimated	Estimated
	Maximum	Maximum
Variable Costs	Amount (%)	Amount (\$s)
Original Issue Discount	0.5000%	\$3,986,674
Underwriting Spread*	0.4850%	3,867,074
SEC Registration Fee (1/36 th of 1%)	0.0278%	221,659
Subtotal Variable Up-front Expense	1.0128%	\$8,075,408
Fixed Costs		
Printing Fees		\$350,000
Trustee Fee and Counsel		50,000
Company Legal Fees and Expenses		2,500,000
Underwriters' Legal Fees and Expenses		300,000
Accountant's/Auditor's Fees		500,000
Rating Agency Fees		600,000
Legal Fees for Commission's Counsel		100,000
Miscellaneous Fees		1,000,000
(Including Cities' rate case expense)	İ	
SPE Setup Costs		25,000
Up-front Servicer Setup Costs		500,000
Subtotal Fixed Up-front Expenses		5,925,000
Costs to Reacquire Debt and Equity		\$19,600,000

CAP ON AGGREGATE AMOUNT OF UP- FRONT COSTS SECURITIZED**	\$33,600,408

^{*} Includes \$500,000 fee for Commission's financial advisor

^{**} Includes remaining amount, not to exceed \$1,200,000, of fee for Commission's financial advisor

FINANCING ORDER

PAGE 3 OF 3

Appendix C

ONGOING TRANSITION BOND SUPPORT AND SERVICING COSTS TO BE RECOVERED DIRECTLY THROUGH TRANSITION CHARGES

Ongoing Servicing Fees	Maximum	Maximum
	Amount (%)	Amount (\$s)
Annual Fee as Percent of Original Balance	0.0500%	\$398,667

Ongoing Third-Party Servicing Fees	Maximum Amount (%)	Maximum Amount (\$s)
Annual Fee as Percent of Original Balance	0.6000%	\$4,784,009

Fixed Operating Expenses	Maximum Amount (%)	Maximum Amount (\$)
Trustee Fee and Expenses		12,500
Independent Managers Fee		7,500
Rating Agency Fees		20,000
Miscellaneous Fees		80,000
CAP ON FIXED COSTS		\$120,000

MAXIMUM ANNUAL COST		
RECOVERED THROUGH TRANSITION	\$51	8,667
CHARGE—APPLICANT AS SERVICER		

MAXIMUM ANNUAL COST RECOVERED THROUGH TRANSITION CHARGE—THIRD-PARTY AS SERVICER	\$4,904,009
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Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 106 of 142

DOCKET NO. 21528

FINANCING ORDER

APPENDIX D

Transition Charge Rate Tariff - Schedule TC and Rider TC



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 107 of 142

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: B Sheet: 35 Page 1 of 15

Revision: Original Effective Date:

Transition Charge Rates - Schedule TC

DEFINITIONS

For the purposes of this schedule the following terms shall have the following meanings:

Company -- Central Power and Light Company and its successors and assigns that provide transmission or distribution service directly to customers taking service at facilities, premises, or loads located within the service area.

Financing Order – the Financing Order issued by the Public Utility Commission of Texas (Commission) in Docket No. 21528.

Non-Eligible Self-Generation (NESG) -- new on-site generation as defined in PURA § 39.252(b) which materially reduces or reduced customer loads on the Company's transmission and distribution system, unless excluded under PURA § 39.262(k) and any rules adopted by the Commission pursuant thereto.

Retail Electric Provider (REP) – the entity which, with the advent of customer choice, will serve the customer's energy needs, and will remit to the Servicer the Transition Charges billed in accordance with this schedule.

Service Area -- the Company's certificated service area as it existed on May 1, 1999.

Servicer -- on the effective date of this tariff, the Company shall act as Servicer. However, the Special Purpose Entity (SPE) may select another party to function as Servicer or the Company may resign as Servicer in accordance with terms of the Servicing Agreement and Financing Order issued in Docket No. 21528. A Servicer selected under these conditions shall assume the obligations of the Company as Servicer under this schedule. As used in this schedule, the term Servicer includes any successor Servicer.

Special Purpose Entity (SPE) – the owner of Transition Property, on behalf of whom Transition Charges are collected.

Transition Charges (TCs) -- non-bypassable charges computed on the basis of individual enduse retail customer consumption, except for TCs applicable to NESG for which charges are based on the output of the on-site generation.

(a) For retail customers of the Company, the TCs provided for in this rate schedule are a component of the bundled Company rates under which the customer takes service prior to the unbundling of transmission and distribution rates specified by PURA § 39.201. Accordingly, prior to such unbundling, TCs are not charges that apply in addition to the charges paid by retail customers under other applicable rate schedules.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 108 of 142

Page 2 of 15

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: B Sheet: 35

Revision: Original Effective Date:

Transition Charge Rates - Schedule TC

- (b) For retail customers who are not retail customers of CPL, but whose facilities, premises, and loads are subject to TCs billed and collected pursuant to the Transition Charge Rates (TC Rates) under this schedule, and for retail customers of the Company who take service after transmission and distribution rates have been unbundled, the TC Rates shall constitute a separate charge.
- (c) Prior to Customer Choice, the assessment of TCs will be separately identified on each customer's bill. After Customer Choice, the assessment of TCs will be separately identified on the bills sent to REPs.

APPLICABILITY

This schedule, along with Service Rider 29, sets out the rates, terms and conditions under which TCs shall be billed and collected by the Company, any successor Servicer(s) and any REPs on behalf of the owner of Transition Property pursuant to the terms of the Financing Order.

This schedule is applicable to energy consumption and demands of retail customers taking transmission and/or distribution service from the Company and to the facilities, premises and loads of such retail customers.

This schedule also applies to:

- Retail customers taking service at facilities, premises, or loads located within the service area who are not presently receiving transmission and/or distribution service from the Company, but whose present facilities, premises, or loads received transmission and/or distribution service from the Company at any time on or after May 1, 1999 when a request to change service to another utility was not pending.
- 2. Retail customers located within the service area and prior retail customers of the Company who are served by new NESG.
- 3. Public retail customers located within the service area who purchase power from the General Land Office under PURA § 35.102.

This schedule does not apply to the facilities, premises, and loads of customers described above who are not taking retail service from the Company pursuant to the Commission Order in Docket No. 20292.

Individual end-use customers are responsible for paying TCs billed to them in accordance with the terms of this schedule. Payment is to be made to the entity that bills the customer in

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 109 of 142

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: B Sheet: 35 Page 3 of 15

Revision: Original Effective Date:

Transition Charge Rates - Schedule TC

accordance with the terms of the Servicing Agreement and the Financing Order, which entity may be the Company, a successor Servicer, a REP, or an entity designated to collect TCs in place of the REP. The REP or entity designated to collect TCs in place of the REP will pay Transition Charges to the Servicer. The Servicer will remit collections to the SPE in accordance with the terms of the Servicing Agreement.

TERM

This schedule shall remain in effect until TCs have been collected and remitted to the SPE which are sufficient in amount to satisfy all obligations of the SPE in regard to paying principal and interest on the Transition Bonds together with all other Qualified Costs as provided in PURA § 39.302(4). However, in no event shall the TCs provided for in this schedule be collected after 15 years from issuance of Transition Bonds. This schedule is irrevocable and non-bypassable for the full term during which it applies.

RATE CLASSES

For the purposes of billing TCs, each retail end-use customer shall be designated as a customer in one of the following eight customer classes. A new customer shall be assigned to the appropriate customer class based on anticipated usage characteristics.

Residential - This service is applicable to customers consisting of individual private dwellings and individually metered apartments. In addition, security or flood lighting services provided on a residential customer's premises shall be included in this rate class.

Commercial and Small Industrial - Energy - This service is applicable to non-residential customers (1) with annual maximum measured demands less than 12,500 kVa and (2) whose current rate class for the purpose of transmission and distribution usage is billed without any demand charges. In addition, security or flood lighting services provided on applicable end-use customer's premises shall be included in this rate class.

Commercial and Small Industrial - Demand - This service is applicable to non-residential customers (1) with annual maximum measured demands less than 12,500 kVa and (2) whose current rate class for the purpose of transmission and distribution usage requires a demand meter.



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 110 of 142

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: B Sheet: 35

Revision: Original Effective Date:

Page 4 of 15

Transition Charge Rates - Schedule TC

Large Industrial - Firm - This service is applicable to non-residential customers taking non-interruptible service with annual maximum measured demands equal to 12,500 kVa or more whose service is provided to the entire premises at not less than 60,000 volts.

Standby - Firm - This service is applicable to non-residential customers taking non-interruptible standby service when such service may be substituted, either directly or indirectly, for customer-owned and operated power production equipment.

Standby – Non-Firm – This service is applicable to non-residential customers whose service is provided to the entire premises at not less than 60,000 volts who are taking as-available standby service when such service may be substituted, either directly or indirectly, for customer-owned and operated power production equipment not held primarily for emergency use.

Large Industrial – Non-firm - This service is applicable to non-residential customers taking interruptible service with annual maximum measured demands equal to 12,500 kVa or more whose service is provided to the entire premises at not less than 60,000 volts. In addition, this service is applicable to customers whose service is provided to the entire premises at not less than 60,000 volts and who have self-generation capability equal to or greater than 25,000 kW and who purchase a minimum of 25,000 kW as Standby – Firm service for that portion of the customer's load which displaces, in total or in part, the customer's self-generating capability.

Municipal and Cotton Gin - This service is applicable to municipalities, other utilities, and other public agencies for electric service for the operation of water supply, sewage, and/or drainage systems serving the general public supplied at one point of delivery and measured by one meter. In addition, this service is applicable to political subdivisions and eleemosynary institutions for traffic lighting, flood lighting and street lighting service on public streets and highways, in public areas, and upon the grounds of public schoolyard or educational institutions not organized for profit. This service is further applicable to all electric service other than lighting service furnished to cotton gins.



Page 5 of 15

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Sheet: 35 Section: B Revision: Original

Effective Date:

Transition Charge Rates - Schedule TC

REGULATORY ASSET ALLOCATION FACTORS

The following Regulatory Asset Allocation Factors (RAAF) to be used in the calculation of the TC Rates are calculated using the methods approved by the Commission in the Financing Order. The RAAFs shall be the percentage of cost responsibility for each Transition Charge customer class.

Transition Charge Class	RAAF
Residential	37.0664%
Commercial and Small Industrial – Energy	21.5756%
Commercial and Small Industrial - Demand	26.9570%
Large Industrial – Firm	4.4891%
Large Industrial – Non-Firm	5.5190%
Standby – Firm	1.4227%
Standby – Non-Firm	0.3844%
Municipal and Cotton Gin	2.5858%

DETERMINATION OF TRANSITION CHARGE (TC) RATES

Transition Charge rates will be adjusted no less frequently than annually in order to ensure that the expected collection of TCs is adequate to pay when due, pursuant to the expected amortization schedule, principal and interest on Transition Bonds and pay on timely basis other Qualified Costs. Except for the Large Industrial Non-Firm rate class prior to January 1, 2002, the Transition Charge Rates shall be computed by multiplying the RAAFs set forth in Service Rider 29 times the Periodic Billing Requirement (BR) for the projected TC period, and dividing such amount by the billing units of the TC customer class, as shown in the following formula:

 $TC_c = [(BR * RAAF_c) + P_c] / FBU_c$

where,

Transition Charge Rate applicable to a TC rate class during the TC TC_c

Period:

BR = Periodic Billing Requirement for the TC Period;

The Regulatory Asset Allocation Factor for such class in effect at $RAAF_c =$

such time;



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 112 of 142

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: B Sheet: 35 Page 6 of 15

Revision: Original Effective Date:

Transition Charge Rates - Schedule TC

P_c = Prior period over-/under-recovery for such class;

 FBU_c = Forecasted Billing Units (i.e., class-specific energy or demand

billing units) currently forecast for a class for the TC period.

Prior to January 1, 2002, within the Large Industrial Non-Firm rate class, separate Transition Charge Rates shall be computed for customers taking EAPS and customers taking Large Industrial Non-Firm service (excluding EAPS) as follows:

- 1. Multiply the RAAF for the Large Industrial Non-Firm rate class by the BR to determine Large Industrial Non-Firm TC revenues for the corresponding TC Period.
- 2. Divide the TC revenues calculated in step 1 by the Large Industrial Non-Firm Base Rate revenues for the corresponding TC Period, to determine the TC ratio.
- 3. Multiply the TC ratio by the EAPS base energy charge per kilowatt-hour sold and minimum bill kVa charge applied pursuant to Rider 23, to calculate the EAPS TC Charge rate.
- 4. To derive the Transition Charge for Large Industrial Non-Firm service (excluding EAPS), subtract the revenues derived during the TC Period from applying EAPS TC rates from Large Industrial Non-Firm Transition Charge revenues. The resulting amount shall be divided by the billing units for the TC Period that apply to Large Industrial Non-Firm service (excluding EAPS).

Beginning January 1, 2002, Transition Charge Rates shall be computed for the Large Industrial Non-Firm class in the same manner as described for all other classes, and there shall be no separate charge for EAPS service.

Prior to the implementation of customer choice, Transition Charge rates applied to demandmetered customers will be applied to the billing demands of customers pursuant to the underlying utility's rates.

If, for any reason, the above formula causes the Transition Charge Rate for any class to exceed the maximum rate, if any, which customers in such class may then be obligated to pay under PURA §§ 39.052(b) or 39.202(a), as applicable, then (i) the Transition Charge Rate for such class shall equal such maximum rate and (ii) the rates for the remaining classes shall be recalculated using such maximum rate as the Transition Charge for such class (which exceeded the maximum rate), and assessing the deficiency to the remaining classes on an equal percentage basis. Annual and interim true-up adjustments prior to January 1, 2002, for the Large Industrial – Non-Firm class shall be computed in the manner described in Determination of Initial /Adjusted Transition Charge Rates above.



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 113 of 142

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: B Sheet: 35

Revision: Original Effective Date:

Page 7 of 15

Transition Charge Rates - Schedule TC

TRUE-UP ADJUSTMENT PROCEDURE On _______], and no less frequently than annually thereafter, the Servicer shall file a revised Service Rider 29 setting forth the upcoming TC period's TC Rates, complete with all supporting materials. The TC Rates will become effective following notification on the first billing cycle of the following month. After ________], but prior to the effective date of the filed revision, the Commission may review the filing to determine that the calculation contains no arithmetical errors. If arithmetical errors are found, the TC Rates shall be promptly corrected to address such errors. In addition to the foregoing provisions, if in the month prior to an upcoming Transition Bond

In addition to the foregoing provisions, it in the month prior to an upcoming Transition Bond principal payment date (A) the Servicer determines that collections of Adjusted Transition Charge Rates available for the upcoming payment date will result in a difference between (i) the actual outstanding principal balances of the Transition Bonds plus amounts on deposit in the Reserve Subaccount and (ii) the outstanding principal balances anticipated in the Expected Amortization Schedule which is greater than 5% (up or down), or (B) if any series of Transition Bonds that matures after ______ would not be paid in full by its expected maturity date, then an interim true-up adjustment will be filed on the fifteenth day of the current month for implementation in the first billing cycle in the following month. Filing and notification to the Commission will be accomplished in the manner set forth above. In no event will such interim true-up adjustments occur more frequently than every three months if quarterly Transition Bond payments are required or every six months if semi-annual Transition Bond payments are required.

NON-STANDARD TRUE-UP PROCEDURE

In the event that the forecasted billing units for one or more of the Transition Charge customer classes for an upcoming period decreases by more than 10% of the billing units from the 12 months ending April 30, 1999, the Servicer shall make a non-standard true-up filing at least 90 days before the date of the next true-up adjustment. The true-up shall be conducted in the following manner. The Servicer shall:

- (a) allocate the upcoming period's Periodic Billing Requirement based on the RAAFs approved in the Financing Order;
- (b) calculate undercollections or overcollections from the preceding period in each class by subtracting the previous period's transition charge revenues collected from each

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 114 of 142

Page 8 of 15

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: B Sheet: 35

Revision: Original Effective Date:

Transition Charge Rates - Schedule TC

class from the Periodic Billing Requirement determined for that class for the same period;;

- (c) sum the amounts allocated to each customer class in steps (a) and (b) above to determine an adjusted Periodic Billing Requirement for each customer class;
- (d) divide the Periodic Billing Requirement for each customer class by the maximum of the forecasted billing units or the threshold billing units for that class, to determine the threshold rate:
- (e) multiply the threshold rate by the forecasted billing units for each class to determine the expected collections under the threshold rate;
- (f) allocate the difference in the adjusted Periodic Billing Requirement and the expected collections calculated in step (e) among the transition charge customer classes using the RAAFs approved in this Financing Order;
- (g) add the amount allocated to each class in step (f) above to the expected collection amount by class calculated in step (e) above to determine the final Periodic Billing Requirement for each class; and
- (h) divide the final Periodic Billing Requirement for each class by the forecasted billing units to determine the transition charge rate by class for the upcoming period.

A proceeding for the purpose of approving a non-standard true-up should be conducted in the following manner:

- (a) The servicer will make a "non-standard true-up filing" with the Commission at least 90 days before the date of the proposed true-up adjustment. The filing will contain the proposed changes to the transition charge rates, justification for such changes as necessary to specifically address the cause(s) of the proposed non-standard true-up, and a statement of the proposed true-up date.
- (b) Concurrently with the filing of the non-standard true-up with the Commission, the servicer will notify all parties in Docket No. 21528 of the filing of the proposal for a non-standard true-up.
- (c) The servicer will issue appropriate notice and the Commission will conduct a contested case proceeding on the non-standard true-up proposal pursuant to PURA § 39.003.

The scope of the proceeding will be limited to determining whether the proposed adjustment complies with this Financing Order. The Commission will issue a final order by the proposed true-up adjustment date stated in the non-standard true-up filing. In the event that the Commission cannot issue an order by that date, the servicer will be permitted to implement its



Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 6 Page 115 of 142

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: B Sheet: 35

Page 9 of 15

Revision: Original

Effective Date:

Transition Charge Rates - Schedule TC

proposed changes. Any modifications subsequently ordered by the Commission will be made by the servicer in the next true-up filing.

BILLING AND COLLECTION TERMS AND CONDITIONS

The billing and collection of TC Rates may differ as set forth in this schedule. The terms and conditions for each party are set forth below:

1) Billing and Collection Prior to Customer Choice

A. Billing by the Servicer to end-use customers:

- 1. Applicable to consumption of all current retail customers.
- 2. Payment terms identical to present retail rates.
- 3. Right to terminate for non-payment pursuant to P.U.C. SUBST. R. 25.28 and 25.29, or any successor rule(s).
- B. Billings by Servicer to other electric utilities, municipally owned utilities, and cooperatives:
- 1. Applicable to former retail customers of the Company in multiply-certificated service areas now taking service from other utilities or cooperatives.
- 2. Charges subject to this tariff must be paid in full by the other utility or cooperative to the Servicer 16 days after billing by the Servicer regardless of whether the utility or cooperative collects such charges from the end-use retail customer.

C. Billings by Servicer to NESG:

- 1. Applicable to end use consumption served by on-site self-generation.
- 2. Payment terms pursuant to the Commission's rules.
- 3. Rate class determined by summing loads on the transmission and distribution system with loads served by non-eligible generation.
- 4. Right to terminate for non-payment pursuant to P.U.C. SUBST. R. 25.28 and 25.29, or any successor rule(s).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 116 of 142

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: B Sheet: 35 Page 10 of 15

Revision: Original Effective Date:

Transition Charge Rates - Schedule TC

2) Billing and Collection Subsequent to Customer Choice

- A. Billings by Servicer to other electric utilities, municipally owned utilities, and cooperatives:
- 1. Applicable to former retail customers of the Company in multiply-certificated service areas now taking service from other utilities or cooperatives.
- Charges subject to this tariff must be paid in full by the other electric utility or cooperative to the Servicer 35 days after billing by the Servicer regardless of whether the utility or cooperative collects such charges from the end-use retail customer.

B. Billings by Servicer to NESG:

- 1. Applicable to end-use consumption served by on-site non-eligible self generation.
- 2. Payment terms pursuant to the Commission's rules.
- 3. Rate class determined by summing loads on the transmission and distribution system with loads served by non-eligible generation.
- 4. Right to terminate for non-payment pursuant to the Commission's rules.

C. Billings by the REP or its Replacement to End-Use Customers:

- 1. Applicable to consumption of all retail end-use customers served by the REP for which TCs apply, including applicable former customers and NESG, under the following conditions:
- 2. REPs shall provide the Servicer with full and timely information necessary to provide proper reporting and for billing and true-up adjustments.
- 3. Each REP must (1) have a long-term, unsecured credit rating of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively, or (2) provide (A) a deposit of two months' maximum expected Transition Charge collections in the form of cash, (B) an affiliate guarantee, surety bond, or letter of credit providing for payment of such amount of Transition Charge collections in the event that the REP defaults in its payment obligations, or (C) a combination of any of the foregoing. A REP that does not have or maintain the requisite long-term, unsecured credit rating may select which alternate form of deposit, credit support, or combination thereof it will utilize, in its sole discretion. The Indenture Trustee shall be the beneficiary of any affiliate guarantee, surety bond or letter of credit. The provider of any affiliate guarantee, surety bond, or letter of

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 117 of 142

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: B Sheet: 35

Revision: Original Effective Date:

Page 11 of 15

Transition Charge Rates - Schedule TC

credit must have and maintain a long-term, unsecured credit ratings of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively.

- 4. If the long-term, unsecured credit rating from either Standard & Poor's or Moody's Investors Service of a REP that did not previously provide the alternate form of deposit, credit support, or combination thereof or of any provider of an affiliate guarantee, surety bond, or letter of credit is suspended, withdrawn, or downgraded below "BBB-" or "Baa3" (or the equivalent), the REP must provide the alternate form of deposit, credit support, or combination thereof, or new forms thereof, in each case from providers with the requisite ratings, within 10 business days following such suspension, withdrawal, or downgrade. A REP failing to make such provision must comply with the provisions set forth in Paragraph 3 of the next section, Billings by the Servicer to the REP or its Replacement (when applicable).
- 5. The computation of the size of a required deposit shall be agreed upon by the Servicer and the REP, and reviewed no more frequently than quarterly to ensure that the deposit accurately reflects two months' maximum collections. Within 10 business days following such review, (1) the REP shall remit to the Indenture Trustee the amount of any shortfall in such required deposit or (2) the Servicer shall instruct the Indenture Trustee to remit to the REP any amount in excess of such required deposit. A REP failing to so remit any such shortfall must comply with the provisions set forth in Paragraph 3 of the next section, Billings by the Servicer to the REP or its Replacement (when applicable). REP cash deposits shall be held by the Indenture Trustee, maintained in a segregated account, and invested in short-term high quality investments, as permitted by the rating agencies rating the Transition Bonds. Investment earnings on REP cash deposits shall be considered part of such cash deposits so long as they remain on deposit with the Indenture Trustee. At the instruction of the Servicer, cash deposits will be remitted with investment earnings to the REP at the end of the term of the Transition Bonds unless otherwise utilized for the payment of the REP's obligations for Transition Bond payments. Once the deposit is no longer required, the Servicer shall promptly (but not later than 30 calendar days) instruct the Indenture Trustee to remit the amounts in the segregated accounts to the REP.
- 6. In the event that a REP or the POLR is billing customers for TCs, the REP shall have the right to transfer the customer to the Provider of Last Resort (POLR) (or to another certified REP) or to direct the Servicer to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer pursuant to applicable Commission rules.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 118 of 142

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: B Sheet: 35

Revision: Original Effective Date:

Page 12 of 15

Transition Charge Rates - Schedule TC

- D. Billings by the Servicer to the REP or its Replacement (when applicable):
- 1. Applicable to all consumption subject to REP billing of TCs.
- 2. Payments of TCs are due 35 calendar days following each billing by the Servicer to the REP, without regard to whether or when the REP receives payment from its retail customers. The Servicer shall accept payment by electronic funds transfer (EFT), wire transfer (WT) and/or check. Payment will be considered received the date the EFT or WT is received by the Servicer, or the date the check clears. A 5% penalty is to be charged on amounts received after 35 calendar days; however, a 10-calendarday grace period will be allowed before the REP is considered to be in default. A REP in default must comply with the provisions set forth in Paragraph 3 below. The 5% penalty will be a one-time assessment measured against the current amount overdue from the REP to the Servicer. The current amount consists of the total unpaid Transition Charges existing on the 36th calendar day after billing by the Servicer. Any and all such penalty payments will be made to the indenture trustee to be applied against Transition Charge obligations. A REP shall not be obligated to pay the overdue Transition Charges of another REP. If a REP agrees to assume the responsibility for the payment of overdue Transition Charges as a condition of receiving the customers of another REP who has decided to terminate service to those customers for any reason, the new REP shall not be assessed the 5% penalty upon such Transition Charges; however, the prior REP shall not be relieved of the previously assessed penalties.
- 3. After the 10 calendar-day grace period (the 45th calendar day after the billing date) referred to in Paragraph 2 above, the Servicer shall have the option to seek recourse against any cash deposit, affiliate guarantee, surety bond, letter of credit, or combination thereof made by the REP, and avail itself of such legal remedies as may be appropriate to collect any remaining unpaid Transition Charges and associated penalties due the Servicer after the application of the REP's deposit or alternate form of credit support. In addition, a REP that is in default with respect to the requirements set forth in Paragraphs 4 and 5 of the previous section, Billings by the REP or its Replacement to End-Use Customers, and Paragraph 2 of this section shall select and implement one of the following options:
 - (a) Allow the Provider of Last Resort (POLR) or a qualified REP of the customer's choosing to immediately assume the responsibility for the billing and collection of Transition Charges.
 - (b) Immediately implement other mutually suitable and agreeable arrangements with the Servicer. It is expressly understood that the Servicer's ability to agree to any other arrangements will be limited by the terms of the



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 119 of 142

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: B Sheet: 35

Revision: Original Effective Date:

Page 13 of 15

Transition Charge Rates - Schedule TC

servicing agreement and requirements of each of the rating agencies that have rated the Transition Bonds necessary to avoid a suspension, withdrawal, or downgrade of the ratings on the Transition Bonds.

(c) Arrange that all amounts owed by retail customers for services rendered be timely billed and immediately paid directly into a lock-box controlled by the Servicer with such amounts to be applied first to pay Transition Charges before the remaining amounts are released to the REP. All costs associated with this mechanism will be borne solely by the REP.

If a REP that is in default fails to immediately select and implement one of the foregoing options in (a), (b), or (c) or, after so selecting one of the foregoing options, fails to adequately meet its responsibilities thereunder, then the Servicer shall immediately implement option (a). Upon re-establishment of the requirements set forth in Paragraphs 4 and 5 of the previous section, <u>Billings by the REP or its Replacement to End-Use Customers</u>, and Paragraph 2 of this section and the payment of all past-due amounts and associated penalties, the REP will no longer be required to comply with this subsection.

- 4. The initial POLR appointed by the Commission, or any Commission appointed successor to the POLR, will be required to meet the minimum credit rating and/or deposit/credit support requirements described in Paragraph 3 of the preceding section, Billings by the REP or its Replacement to End-Use Customers, in addition to any other standards that may be adopted by the Commission. If the POLR defaults or is not eligible to provide such services, responsibility for billing and collection of transition charges will immediately be transferred to and assumed by the Servicer until a new POLR can be named by the Commission or the customer requests the services of a certified REP. Retail customers may never be re-billed by the successor REP, the POLR, or Servicer for any amount of Transition Charges they have paid their REP (although future TCs shall reflect REP and other system-wide charge-offs). Additionally, if the amount of the penalty detailed in Paragraph 2 of this section is the sole remaining past-due amount after the 45th day, the REP shall not be required to comply with (a), (b), or (c) above, unless the penalty is not paid within an additional 30 calendar days.
- 5. In the event the Servicer is billing customers for Transition Charges, the Servicer shall have the right to terminate transmission and distribution service for non-payment by end-use customers pursuant to the Commission's rules.
- 6. Notwithstanding Paragraph 2 of this section, the REPs will be allowed to hold back an allowance for charge-offs in their payments to the Servicer. Such charge-off rate will be recalculated each year in connection with the annual true-up procedure. In the



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 120 of 142

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: B Sheet: 35

Revision: Original Effective Date:

Page 14 of 15

Transition Charge Rates – Schedule TC

initial year, the REPs will be allowed to remit payments based on the same system-wide charge off percentage then being used by the Servicer to remit payments to the indenture trustee for the holders of Transition Bonds. On an annual basis in connection with the true-up adjustment process, the REP and the Servicer will be responsible for reconciling the amounts held back with amounts actually written off as uncollectible in accordance with the terms agreed to by the REP and the Servicer, provided that:

- (a) The REP's right to reconciliation for write-offs will be limited to customers whose service has been permanently terminated and whose entire accounts (i.e., all amounts due the REP for its own account as well as the portion representing Transition Charges) have been written off.
- (b) The REP's recourse will be limited to a credit against future TC payments unless the REP and the Servicer agree to alternative arrangements, but in no event will the REP have recourse to the SPE or its funds for such payments.
- (c) The REP shall provide information on a timely basis to the Servicer so that the Servicer can include the REP's default experience and any subsequent credits into its calculation of the Adjusted Transition Charge Rates for the next TC billing Period and the REP's rights to credits will not take effect until after such Adjusted Transition Charge Rates have been implemented.
- 7. In the event that a REP disputes any amount of billed Transition Charges, the REP shall pay the disputed amount under protest according to the timelines detailed in Paragraph 2 of this section. The REP and Servicer shall first attempt to informally resolve the dispute, but if failing to do so within 30 calendar days, either party may file a complaint with the Commission. If the REP is successful in the dispute process (informal or formal), the REP shall be entitled to interest on the disputed amount paid to the Servicer at the Commission-approved interest rate. Disputes about the date of receipt of Transition Charge payments (and penalties arising thereof) will be handled in a like manner. Any interest paid by the Servicer on disputed amounts shall not be recovered through Transition Charges if it is determined that the Servicer's claim to the funds is clearly unfounded. No interest shall be paid by the Servicer if it is determined that the Servicer has received inaccurate metering data from another entity providing competitive metering services pursuant to PURA § 39.107.
- 8. If the Servicer is providing the metering, the metering data will be provided to the REP at the same time as the billing. If the Servicer is not providing the metering, the entity providing metering service(s) will be responsible for complying with Commission rules and ensuring that the Servicer and the REP receive timely and accurate metering data in order for the Servicer to meet its obligations under the Servicing Agreement and the Financing Order with respect to billing and true-ups.



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 121 of 142

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: B Sheet: 35

Revision: Original Effective Date:

Page 15 of 15

Transition Charge Rates - Schedule TC

OTHER TERMS AND CONDITIONS

If the customer or REP pays only a portion of its bill, a pro-rata share amount of Transition Charge revenues shall be deemed to be collected. The Company will allocate any shortfall first, ratably based on the amount owed for Transition Charges and the amount owed for other fees and charges, other than late charges, owed to the Company or any successor, and second, all late charges shall be allocated to the Company or any successor.

Prior to Customer Choice, the assessment of Transition Charges will be separately identified on each customer's bill. After Customer Choice, the assessment of Transition Charges will be separately identified on the bills sent to REPs.

At least once each year, (i) the Company shall cause to be prepared and delivered to REPs and such customers a notice stating, in effect, that the Transition Property and the Transition Charge Rates are owned by the SPE and not the Company; and (ii) each REP which bills Transition Charge Rates shall cause to be prepared and delivered to such customers a notice stating, in effect, that the Transition Property and the Transition Charge Rates are owned by the SPE and not the REP or the Company. Such notice shall be included either as an insert to or in the text of the bills delivered to such REPs or customers, as applicable, or shall be delivered to customers by electronic means or such other means as the Servicer or the REP may from time to time use to communicate with their respective customers.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 122 of 142

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: C Sheet: 29 Page 1 of 2

Revision: Original Effective Date:

Initial / Adjusted Transition Charge Rates - Rider TC

AVAILABILITY

This schedule is applicable to energy consumption and demands of retail customers taking service from the Company during the term that this schedule is in effect, and to the facilities, premises, and loads of all other retail customers obligated to pay Transition Charges as provided in Rate Schedule TC, Section B, Sheet 35. In no event will Transition Charge Rates be collected over a period that exceeds 15 years from the initial effective date of Rate Schedule TC.

RATE CLASSES

For purposes of billing Initial/Adjusted Transition Charge Rates, each retail end-use customer will be designated as a customer belonging to one of eight classes as identified and defined by Schedule TC.

TRANSITION CHARGE RATES

The Initial/Adjusted Transition Charge Rates shall be determined in accordance with and are subject to the provisions set forth in Rate Schedule TC. On [February 15, 2001], and no less frequently than annually thereafter, the Company or successor Servicer, as defined in Rate Schedule TC, will file a Revision to Service Rider 29 setting forth the Adjusted Transition Charge Rates. The Adjusted Transition Charge Rates will become effective on the first billing cycle of the succeeding month of March.



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 123 of 142

CENTRAL POWER AND LIGHT COMPANY

TARIFF FOR ELECTRIC SERVICE

Applicable: Entire system

Section: C

Sheet: 29

Page 2 of 2

Revision: Original

Effective Date:

Initial / Adjusted Transition Charge Rates - Rider TC

Transition Charge Class	Initial/A	ljusted Transition Charge Rates
Decidential	Ф	1377
Residential		_ per kWh
Commercial and Small Industrial - Energy		_ per kWh
Commercial and Small Industrial - Demand	\$	_ per kW or kVa
Large Industrial – Firm	\$	_ per kW or kVa
Large Industrial – Non-Firm*	\$	_ per kW or kVa
Standby - Firm	\$	_ per kW or kVa or Daily Rate
Standby – Non-Firm	\$	_ per kW or kVa or Daily Rate
Municipal and Cotton Gin	\$	_ per kWh
The Daily Rate for Standby – Firm service shall Firm Adjusted Transition Charge Rate per day f the Large Industrial – Firm Adjusted Transition portions of days thereafter. The Daily Rate for Standby – Non-Firm service Industrial – Non-Firm Adjusted Transition Characteristical – Non-Firm Characteristical – Non-Fi	or up to an on Charge ice shall be tree Rate pe	d including seven days and 3.29% of Rate per day for additional days or e calculated as 1.75% of the Large er day for up to and including seven
*Prior to January 1, 2002, Large Industrial Non-equal to% times the EAPS base energy minimum bill kVa charge applied pursuant to R charge per kVa. Beginning January 1, 2002, TO Non-Firm class in the same manner as describ separate charge for EAPS service.	charge pe ider 23 in l rates shall	r kilowatt-hour sold and the EAPS ieu of the Large Industrial Non-Firm be computed for the Large Industrial

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 124 of 142

DOCKET NO. 21528

FINANCING ORDER

APPENDIX E

Form of Issuance Advice Letter



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 125 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 1 OF 14

Appendix E

ISSUANCE ADVICE LETTER

ADVICE _____

THE PUBLIC UTILITY COMMISSION OF TEXAS

SUBJECT: ISSUANCE ADVICE LETTER FOR TRANSITION BONDS

Pursuant to the Financing Order adopted in Application of Central Power and Light Company for Financing Order to Securitize Regulatory Assets and Other Qualified Costs, Docket No.21528 (the "Financing Order"), CENTRAL POWER AND LIGHT COMPANY, ("Applicant") hereby submits, no later than the second business day after the pricing date of this series of Transition Bonds, the information referenced below. This Issuance Advice Letter is for the [INSERT TITLE] Transition Bond series _____ class(es) _____. Any capitalized terms not defined in this letter shall have the meanings ascribed to them in the Financing Order.

PURPOSE

This filing establishes the following:

- (a) the actual terms and structure of the Transition Bonds being issued;
- (b) confirmation of compliance with issuance standards;
- (c) the initial Transition Charge for retail users;
- (d) the identification of the Transition Property to be sold to a special purpose entity (the "SPE");
- (e) the identification of the SPE; and
- (f) that the Transition Bonds have been structured and priced in a manner that results in the lowest transition-bond charges consistent with market conditions and the terms of the Financing Order.

DOCKET NO. 21528

FINANCING ORDER

PAGE 2 OF 14

Appendix E

COMPLIANCE WITH ISSUANCE STANDARDS

The Financing Order requires Applicant to confirm, using the methodology approved therein, that the actual terms of the Transition Bonds result in compliance with the standards set forth in the Financing Order. These standards are:

- 1. The securitization of Qualified Costs will provide tangible and quantifiable benefits to ratepayers, greater than would be achieved absent the issuance of Transition Bonds (See Attachment 4, Schedule A);
- 2. The total amount of revenues to be collected under the Financing Order is less than the revenue requirement that would be recovered over the remaining life of the Stranded Costs using conventional financing methods (See Attachment 4, Schedule A);
- 3. The structuring and pricing of the Transition Bonds proposed by the Applicant in its Application will result in the lowest transition-bond charges consistent with market conditions at the time that the transition bonds are priced and the general parameters (including the protection of the competitiveness of the retail electric market) set out in this Financing Order (See Attachment 4, Schedule B);
- 4. The amount securitized will not exceed the present value of the revenue requirement over the life of the proposed Transition Bonds associated with the securitized Regulatory Assets when the present value calculation is made using a discount rate equal to the proposed interest rate on the Transition Bonds (See Attachment 4, Schedule C);
- 5. The annual servicing fee payable to Applicant while it is serving as Servicer (or to any other Servicer affiliated with Applicant) shall not at any time exceed 0.05% of the original principal amount of the Transition Bonds of each series (See Attachment 2);
- 6. The annual servicing fee payable to any other Servicer not affiliated with Applicant shall not at any time exceed 0.60% of the original principal amount of the Transition Bonds (See Attachment 2);
- 7. The underwriting spread included in the Qualified Costs securitized under the Financing Order shall not exceed 0.485% of the principal amount of the Transition Bonds issued and sold (See Attachment 1);
- 8. The sum of the up-front costs and the sum of the fixed operating expenses incurred or to be incurred in connection with the proposed transaction authorized by the Financing Order shall not exceed the amounts of the appropriate caps set forth in Appendix C to the Financing Order (See Attachments 1 and 2);

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 127 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 3 OF 14

Appendix E

- 9. The Transition Bonds will be issued in one or more series comprised of one or more classes or tranches having legal final maturities not exceeding 15 years from the date of issuance of such series (See Attachment 3);
- 10. The amortization of the Transition Bonds shall be as described in the Financing Order. (See Attachment 3); and
- 11. The Applicant certifies to the Commission that the Transition Bonds have been structured and priced in a manner that results in the lowest transition-bond charges consistent with market conditions at the time that the transition bonds are priced and the general parameters (including the protection of the competitiveness of the retail electric market) set out in the Financing Order. (See Attachment 6).

ACTUAL TERMS OF ISSUANCE

Transition Bond Series:
Transition Bond Issuer:
Trustee(s):
Closing Date:
Bond Ratings:
Amount Issued:
Transition Bond Issuance Costs: See Attachment 1
Transition Bond Support and Servicing: See Attachment 2
Coupon Rate(s): See Attachment 3
Call Features: See Attachment 3
Expected Principal Amortization Schedule: See Attachment 3
Expected Final Maturity Date(s): See Attachment 3
Legal Final Maturity Date(s): See Attachment 3
Payments to Investors (quarterly or semiannually):, beginning
Initial annual Servicing Fee as a percent of the original Transition Bond principal
balance:%
Cumulative Overcollateralization amount for the Transition Bonds, as a percent of the
original Transition Bond principal balance:
Annual Overcollateralization funding requirements: (See Attachment 3.)
Description of type, amount and maturity (if applicable) of outstanding debt and equity
securities of Applicant to be redeemed or retired with proceeds of the Transition
Bonds (to the extent known) as shown below:

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 128 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 4 OF 14

Appendix E

INITIAL TRANSITION CHARGE

Table I below shows the current assumptions for each of the variables used in the calculation of the initial Transition Charges.

TABLE I

Input Values For Initial Transition Charges

Forecasted Transition Percent of Weighted a Forecasted	retail kWh/kV Bond debt ser billed amounts werage days s	V sales for applivice for applical sexpected to be ales outstanding	charged-off:		nsition Bond prin	acipal and
Required	overcol	lateralization	amount	for	applicable	period:
Current Tra	ansition Bond	outstanding bal	ance:	-		
Expected T	ransition Bon	d outstanding b	alance as of	<i></i> :		
Total	Periodic	Billing	Requirement	for	applicable	period:
Allocation	of such total	among custon	ner classes, in a	accordance	with Utilities Co	de Section

Allocation of such total among customer classes, in accordance with Utilities Code Section 39.303(c): See Attachment 5

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 129 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 5 OF 14

Appendix E

Based on the foregoing, the initial Transition Charges calculated for retail users are as follows:

TABLE II

Rate Class	Initial Transition Charge
Residential Commercial and Small Industrial – Energy Commercial and Small Industrial – Demand Large Industrial – Firm Large Industrial – Non-Firm Standby—Firm Standby—Non-Firm	\$/kWh \$/kWh \$/kW or KVa \$/kW or KVa \$/kW or Kva or Daily Rate \$/kW or Kva or Daily Rate
Municipal and Cotton Gin _	\$/kWh
IDENTIFICATION OF SPE The owner of the Transition Property (the "S	SPE") will be:
EFFECTIVE DATE In accordance with the Financing Order, the Transupon the Applicant's receipt of payment in the art following Applicant's execution and delivery to [the transferring Applicant's rights and interests under will become Transition Property upon transfer to the	nount of \$ from [the SPE], the SPE] of the [Bill of Sale/Deed of Transfer] the Financing Order, rights and interests that

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 130 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 6 OF 14

Appendix E

NOTICE

Copies of this filing are being furnished to the parties on the attached service list. Notice to the public is hereby given by filing and keeping this filing open for public inspection at the Applicant's corporate headquarters.

AUTHORIZED OFFICER

An authorized officer of the Applicant shall execute and deliver this Issuance Advice Letter on behalf of the Applicant.

Respectfully submitted,		
[Name] [Title]	 	

Enclosures

DOCKET NO. 21528

FINANCING ORDER

PAGE 7 OF 14

Appendix E

ATTACHMENT 1 TRANSITION BOND ISSUANCE COSTS

VARIABLE COSTS	ACTUAL COSTS	ESTIMATED
		MAXIMUM
Original Issue Discount		0.5000%
Underwriting Spread		0.4850%
SEC Registration Fee (1/36 th of 1%)		0.0278%
Subtotal Variable Upfront Expense		1.0128%
FIXED COSTS		
Printing Fees		\$ 350,000
Trustee Fee and Counsel		50,000
Applicant Legal Fees and Expenses		2,500,000
Underwriters' Legal Fees and Expenses		300,000
Accountant's/Auditor's Fees		500,000
Rating Agency Fees		600,000
Legal Fees for Commission's Counsel		100,000
SPE Startup Costs		25,000
Miscellaneous Fees (including Cities' rate case expense)		1,000,000
Upfront Servicer Setup Costs		500,000
Sub-Total Fixed Upfront Expenses		\$5,925,000
		Not to exceed
REACQUISITION COSTS		\$19,600,000
Current Estimate of Costs		
GOLD (IGGIOLING EDILLINGYAY		Not to exceed
COMMISSION'S FINANCIAL		\$1,700,000
ADVISOR COSTS		A
Out of Underwriting Spread		\$ 500,000
Remainder		1,200,000
AMOUNT INCLUDED IN		Not to exceed
TRANSITION BONDS		\$33,600,408
This series of bonds		
Total to date		

HEDGING ISSUANCE COSTS:

[Describe if applicable].



DOCKET NO. 21528

FINANCING ORDER

PAGE 8 OF 14

Appendix E

ATTACHMENT 2 TRANSITION BOND SUPPORT AND SERVICING COSTS*

SERVICING FEES	ACTUAL COSTS	ESTIMATED MAXIMUM
APPLICANT SERVICING FEES		
Annual Fee as Percent of Original		0.0500%
Balance		
THIRD PARTY SERVICING		
FEES		
Annual Fee as Percent of Original		0.600%
Balance		

ANNUAL ONGOING FIXED OPERATING EXPENSES*	ACTUAL COSTS	ESTIMATED MAXIMUM
Trustee Fee and Expenses		\$12,500
Independent Manager's Fee		7,500
Rating Agency Fee		20,000
Miscellaneous Fees and Expenses		80,000
Total Fixed Operating Expenses	_	\$120,000**

^{*} To the extent that contracts are entered into in connection with the issuance ** Limit on aggregate costs for all series



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 133 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 9 OF 14

Appendix E

ATTACHMENT 3 TRANSITION BOND REVENUE REQUIREMENT INFORMATION SERIES [], CLASS []

Complete this table for each class of each series of the Transition Bonds.

Payment	Principal			Overcollateralization	Other	Total
Dates	Balance	Interest	Principal	Amount	Expenses	Revenues
Totals						

Effective Annual Weighted Average Interest Rate of the Transition Bonds, Excluding Up-Front
and Ongoing Costs:%
Life of Series. [] years
Weighted Average Life of Series. [] years
Combined Weighted Average Life of This and All Previously Issued Series: [] years
Call provisions (including premium, if any):
Expected Final Maturity Dates: See Attached.
Legal Final Maturity Dates: See Attached.
Annual Overcollateralization Funding Requirements: See Attached

DOCKET NO. 21528

FINANCING ORDER

PAGE 10 OF 14

Appendix E

ATTACHMENT 4 COMPLIANCE WITH SUBCHAPTER G OF THE UTILITIES CODE

	(a)	(b) Present Value of Securitization	(c)	(d)	(e)
Name of Asset (List Each Asset Securitized)	Present Value of Conventional Financing Over Current Life	Financing (excluding up-front and ongoing costs)	Present Value of Up-front and On- going Costs	Total Cost of Securitization	Savings/(Cost) of Securitization Financing
				(b) + (c)	(a) – (d)

- (1) The discount rate to be used for determining the present value of columns (b) and (c) is the weighted average annual interest rate of the transition bonds, excluding up-front and ongoing costs.
- (2) The present value of up-front and ongoing costs are allocated based on the proportion of each asset's securitized present value in column (b) to the total of column (b).
- (3) The values for column (a) shall be calculated in accordance with the Commission's Office of Regulatory Affairs' methodology addressed in Finding of Fact No. 30 in the Financing Order.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 135 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 11 OF 14

Appendix E

SCHEDULE B

FORM OF APPLICANT'S CERTIFICATION

[Letterhead of Applicant]

[To be filed as soon as practicable after the pricing of the Transition Bonds]
[DATE]

Public Utility Commission of Texas [ADDRESS]

Attention:

Re: Application of Central Power and Light Company for Financing Order to Securitize Regulatory Assets and Other Qualified Costs, Docket No. 21528

CENTRAL POWER AND LIGHT COMPANY (the "Applicant") submits this Certification pursuant to Ordering Paragraph No. 4 of the Financing Order in Application of Central Power and Light Company for Financing Order to Securitize Regulatory Assets and Other Qualified Costs, Docket No. 21528, (the "Financing Order"). All capitalized terms not defined in this letter shall have the meanings ascribed to them in the Financing Order.

In its issuance advice letter dated, the Applicant has set forth the following particular
of the Transition Bonds:
Name of Transition Bonds:
SPE:
Closing Date:
Amount Issued:
Interest Rates and Expected Amortization Schedule: See Attachment 1
Distributions to Investors (quarterly or semi-annually):
Weighted Average Coupon Rate:
Weighted Average Yield:

[INSERT HERE description of activities and endeavors of the Applicant.]

Based upon information reasonably available to officers, agents and employees of the Applicant, the Applicant hereby certifies that the structuring and pricing of the Transition Bonds, as described in the issuance advice letter, will result in the lowest transition-bond charges consistent with market conditions and the terms of the Financing Order, all within the meaning of Section 39.301 of PURA.

The foregoing certification does not mean that lower transition-bond charges could not have been achieved under different market conditions, or that structuring and pricing the Transition Bonds under conditions not permitted by the Financing Order could not also have achieved lower transition-bond charges.



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 136 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 12 OF 14

Appendix E

The Applicant is delivering this Certification to the Commission and to the Commission's financial advisor, solely to assist them in establishing compliance with the aforesaid Section 39.301, and to no other person. The Applicant specifically disclaims any responsibility to any other person for the contents of this Certification, whether such person claims rights directly or as third-party beneficiary.

CENTRAL POWER AND LIGHT COMPANY

By:			
<i>y</i>	[Title]		2



Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 137 of 142

DOCKET NO. 21528

FINANCING ORDER

PAGE 13 OF 14

Appendix E

SCHEDULE C

Securitization Cap:

(1)	The net amount of assets securitized as shown on Appendix C of the Financing Order:		_
(2)	The securitization cap as shown on Schedule A, column (b) of the Issuance Advice Letter:	_	



DOCKET NO. 21528

FINANCING ORDER

PAGE 14 OF 14

Appendix E

ATTACHMENT 5 ALLOCATION OF COSTS TO CUSTOMER CLASSES

Rate Class	Allocation Factor (2)	Periodic Billing Requirement (3)	Billing Requirement per Rate Class (4)=(2)*(3)	Forecasted kWh/kW (5)	Transition Charge (6)=(4)/(5)
Residential Service	0.370664				
Commercial & Small Industrial - Energy	0.215756				
Commercial & Small Industrial - Demand	0.269570				
Large Industrial Firm	0.044891				
Large Industrial Non-Firm	0.055190				
Standby -Firm	0.014227				
Standby Non-Firm	0.003844				
Municipal and Cotton Gin	0.025858				
Total	1.00000				

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 139 of 142

DOCKET NO. 21528
FINANCING ORDER

APPENDIX F

Benefits of Securitization



DOCKET NO. 21528

Benefits of Securitization @ 8.75%

163,734,489	2	yes	yes	100 00%	14	8.765%	5 04%	8 75%		1.26%	%00 O		8 75%	8.75%	8 75%	11.48%
Amount of Regulatory Assets Securitized	Include Additional SFAS 1097	Calculated SFAS 109 Per ECOM Model?	ADIT Calculated Separate?	Retail Allocation Factor	Amortization Period	Traditional Rate of Return*	Traditional Weighted Cost of Equity*	Bond Rate	Revenue Related Rate	Tracktional Financing	Securitized Financing	Discount Rate*	For Conventional Financing - Current Life	For Conventional Financing - Securitized Life	For Securitzation Financing - Asset	For Secuntization Financing - ADIT

			Transferral Engineer	Constitution		Cacaratzation Financing	Financing			COSTS OF SECURITZERION	IIZAIION		
			Indicate	Hanking									
	Section Mature	of Linearing	9	Security of He	al lie	Excluding Securitzation Costs	lization Costs	z	Nominal Dollars		Pre	Present Value	
	Ante A street		יום			Nemen	Decount	latin	Ondone		Initial	Ondono	
	ਲ	Nominal	Present	Nominal	Present	Nominal	LIBSBILL		Simolar C	-	3 4	2000	F
Description	12/31/98	Dollars	Value	Dollars	Value	Dollars	Value	Costs	Costs	lotai	Costs	Costs	lola
SEAS 109		•	•		•		•	•		•	•	. !	, ;
1 Defected Accounting Deficient ADIT	7 422 940	19 665.646	7.149.596	11,807,152	7,089,843	10,096,435	5,992,893	312,820	87,927	400,747	181,647	49,461	231,108
Deletted Accounting Delicient Act	250.241.000	_	369 164 547	620.728.026	372,728,624	530,791,670	315,059,493	16,445,654	4,622,502	21,068,156	9,549,562	2,600,299	12,149,860
2 Mariol Cavir	000,147,000	_	100,101,000	010 010 000	100,000	27 507 540	4 000 400	9 711 808	782 283	3 474 151	1.574.728	428.791	2,003,519
3 Loss on Reacquired Debt	64,351,000	122,744,404	60,568,792	102,356,412	61,463,163	040'/20'/0	004,008,10	6,777	000				
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7 Accounting Order Defortate	482.447.027	1.317.353.894	454,519,916	781,254,761	470,004,683	648,417,183	386,953,059	20,030,075	2,040,007	23,730,342	000,027,	0,100,00	11,000
Total	949,138,474	2,312,338,228	888,952,578	1,523,586,927	915,752,955	1,283,193,945	763,734,489	39,757,526	11,174,944	50,932,470	23,149,055	6,303,374	29,452,429
100													
The D.A.D. balance inclindes	2,598,000	2,598,000 in SFAS 109 related amounts	ed amounts										
The Mirror CWIP balance includes	136,584,000	136,584,000 in SFAS 109 related amounts	ed amounts										
Sub-Total Other 109 amounts	139,182,000												
Plus SFAS 109 Amount from Above	•												
Total SFAS 109 Amount Included	139,182,000												
					(), or o	VI 0//			Savinos//Cost	Cost)			
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Industrian Securi	reludion Securitization Costs	Versus Current Life	rent Life	Versus Secuntzed Life	ntzed Life	Versus Current Life	ent Life	Versus Securized Life	tzed Life
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Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 6
Page 141 of 142

DOCKET NO. 21528

FINANCING ORDER

APPENDIX G

Calculation of Non-Standard True-Up Threshold



DOCKET NO. 21528

FINANCING ORDER Appendix G

PAGE 1 OF 1

Calculation of Non-Standard True-Up Threshold

Transition Charge Classes	(1) 12 Months Ended 4/30/99 Billing Determinants		(2) Non-Standard True-up Threshold (90% of Column (1))
Residential	7,131,348,493	kWh	6,418,213,644 kWh
Commercial and Small Industrial - Energy	2,613,737,916	kWh	2,352,364,124 kWh
Commercial and Small Industrial - Demand	11,528,087	kW	10,375,278 kW
Large Industrial – Firm	4,024,322	kW	3,621,890 kW
Large Industrial – Non-Firm	8,034,141	kW	7,230,727 kW
Standby – Firm	10,899,177	kW	9,809,259 kW
Standby - Non-Firm	2,701,759	kW	2,431,583 kW
Municipal and Cotton Gin	471,497,644	kWh	424,347,880 kWh

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 1 of 78

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio)	
Power Company for Authority to Issue)	
Phase-In-Recovery Bonds to Recover)	
Phase-In Costs and Financing Costs, and)	Case No. 12-1969-EL-ATS
Impose and Collect Phase-In-Recovery)	
Charges, and for Tariff and Bill Format)	
Approvals and for Commission Action.)	
In the Matter of the Application of Ohio)	
Power Company for Approval of a)	Case No. 12-2999-EL-UNC
Change in Bill Format.)	

FINANCING ORDER

The Commission finds:

I. <u>BACKGROUND</u>

Pursuant to its December 14, 2011, Opinion and Order in Case Nos. 11-351-EL-AIR and 11-352-EL-AIR (collectively, 11-352), In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company, Individually and, if Their Proposed Merger is Approved, as a Merged Company (Collectively AEP Ohio) for an Increase in Electric Distribution Rates, the Commission authorized Ohio Power Company and Columbus Southern Power Company¹ (prior to its merger with Ohio Power Company on December 31, 2011, in which Ohio Power Company was the surviving entity and its resulting tariff incorporated rates, terms, and conditions for the Ohio Power Rate Zone and the Columbus Southern Power Rate Zone) to implement a new rider, the Deferred Asset Recovery Rider (DARR), in order to collect certain distribution costs deferred as regulatory assets pursuant to Commission authorization in various prior proceedings. Specifically, the distribution regulatory assets being recovered through the DARR are comprised of the following costs and charges (Phase-In Costs):

(1) Consumer education, customer choice implementation, and transition plan filing costs approved in Case Nos. 99-1729-EL-ETP and 99-1730-EL-ETP, In the Matter of the Applications of Columbus Southern Power Company and Ohio Power

¹ For the purpose of this Financing Order, Ohio Power Company and Columbus Southern Power Company shall be jointly referred to as Ohio Power.

-2-

- Company for Approval of Their Electric Transition Plans and for Receipt of Transition Revenues;
- (2) Rate Stabilization Plan rate case expenses plus carrying charges approved in Case No. 04-169-EL-UNC, In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Approval of a Post-Market Development Period Rate Stabilization Plan;
- (3) Carrying charges on distribution line extension charges, approved in Case 01-2708-EL-COI, In the Matter of the Commission's Investigation Into the Policies and Procedures of Ohio Power Company, Columbus Southern Power Company, Cleveland Electric Illuminating Company, Ohio Edison Company, The Toledo Edison Company, and Monongahela Power Company Regarding the Installation of New Line Extensions;
- (4) Monongahela Power Company transfer integration costs plus carrying charges and acquired net regulatory assets approved in Case No. 05-765-EL-UNC, In the Matter of the Transfer of Monongahela Power Company's Certified Territory in Ohio to the Columbus Southern Power Company;
- (5) AEP Ohio's voluntary Ohio Green Power Pricing Program costs plus carrying charges approved in Case No. 06-1153-EL-UNC, In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Approval of a Plan to Provide Additional Options for Customer Participation in the Electric Market; and
- (6) Storm costs related to the Hurricane Ike windstorm experienced in September 2008 plus debt carrying costs, approved in Case No. 08-1301-EL-AAM, In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Modify Their Accounting Procedure for Certain Storm-Related Services Restoration Costs.

(Application at 1, 2).

Full recovery of the deferred costs associated with the DARR is expected to occur by December 31, 2018 (Application, Ex. A). Ohio Power states that as of June 30,

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 3 of 78

12-1969-EL-ATS 12-2999-EL-UNC *-*3-

2012, the DARR balance was \$309 million. The estimated balance of the DARR as of November 30, 2012, was \$291.5 million. (Id· at 3.)

II. APPLICABLE LAW

The 129th General Assembly passed HB 364 on December 14, 2011, establishing Sections 4928.23 through 4928.2318, Revised Code, (Act), for the purpose of providing electric distribution utilities (EDUs) with the mechanism to securitize, through the issuance of Phase-In-Recovery (PIR) Bonds, certain debt previously approved by the Commission. Pursuant to the Act, which was signed into law on December 21, 2011, and became effective on March 22, 2012, EDUs may seek a Financing Order from the Commission to securitize certain types of costs known as deferred assets. These assets include fuel costs, infrastructure costs, and environmental clean-up expenses that the Commission has allowed a utility to defer and collect from customers. Section 4928.231(B), Revised Code, describes the requisite components of the application for a Financing Order.

Section 4928.01(A)(6), Revised Code, provides that an EDU means an electric utility that supplies at least retail electric distribution service. Pursuant to Section 4928.231, Revised Code, an EDU may apply to the Commission for a Financing Order that authorizes the following:

- (1) The issuance of PIR Bonds, in one or more series to recover uncollected Phase-In Costs:
- (2) The imposition, charging, and collection of PIR Charges, in accordance with the adjustment mechanism approved by the Commission under Section 4928.232, Revised Code, and consistent with the Commission's authority regarding governmental aggregation as provided in division (I) of Section 4928.20, Revised Code, to recover both of the following:
 - (a) Uncollected Phase-In Costs;
 - (b) Financing Costs.
- (3) The creation of PIR Property under the Financing Order.

Pursuant to Section 4928.231, Revised Code, the application must include the following:

-4-

- (1) A description of the uncollected Phase-In Costs that the EDU seeks to recover through the issuance of PIR Bonds;
- (2) An estimate of the date each series of PIR Bonds are expected to be issued;
- (3) The expected term during which the Phase-In Costs associated with the issuance of each series of PIR Bonds are expected to be recovered;
- (4) An estimate of the Financing Costs, as described in Section 4928.23, Revised Code, associated with the issuance of each series of PIR Bonds;
- (5) An estimate of the amount of PIR Charges necessary to recover the Phase-In Costs and Financing Costs set forth in the application and the calculation for that estimate, which calculation shall take into account the estimated date or dates of issuance and the estimated principal amount of each series of PIR Bonds;
- (6) For PIR Charges not subject to allocation according to an existing order, a proposed methodology for allocating PIR Charges among customer classes, including a proposed methodology for allocating such charges to government aggregation customers based upon the proportionate benefit determination made under division (I) of Section 4928.20, Revised Code;
- (7) A description of a proposed adjustment mechanism for use as described in division (A)(2) of this Section 4928.31, Revised Code;
- (8) A description and valuation of how the issuance of PIR Bonds, including Financing Costs, will both result in cost savings to customers and mitigate rate impacts to customers when compared to the use of other financing mechanisms or cost-recovery methods available to the EDU; and
- (9) Any other information required by the Commission.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 5 of 78

12-1969-EL-ATS 12-2999-EL-UNC **-**5-

Consistent with Section 4928.232(D)(1), Revised Code, the Commission shall not issue a Financing Order under Section 4928.232(C), Revised Code, unless the Commission determines that the Financing Order is consistent with Section 4928.02, Revised Code. Pursuant to Section 4928.232(D)(2), Revised Code, in order to issue a Financing Order, the Commission must find that the issuance of the PIR Bonds and the PIR Charges authorized by the order results in, consistent with market conditions, both measurably enhancing cost savings to customers and mitigating rate impacts to customers as compared with traditional financing mechanisms or traditional cost recovery methods available to the EDU or, if the Commission previously approved a recovery method, as compared with that recovery method.

III. APPLICATION OVERVIEW AND PROCEDURAL HISTORY

On July 31, 2012, Ohio Power filed an application and exhibits seeking authority to recover the Phase-In Costs and Financing Costs, identified supra, through the issuance of PIR Bonds payable from the collection of PIR Charges, and to impose and collect such PIR Charges.² Additionally, Ohio Power seeks the requested tariff approvals (Ohio Power Supplemental Initial Comments, Ex. G).³ Further, Ohio Power requests that the Commission consider the application on an expedited basis. The application was filed pursuant to the Act (Application at 1).

Ohio Power represents that it is an Ohio corporation engaged in the distribution of electricity for sale to retail customers in the state of Ohio under rates and tariffs approved by this Commission and is an EDU, pursuant to Section 4928.01(A)(6), Revised Code (*Id.* at 4).

According to Ohio Power, the Act provides for an EDU to securitize certain previously approved Phase-In Costs through the issuance of PIR Bonds pursuant to a Financing Order issued by the Commission. Consistent with Section 4928.232(D), Revised Code, Ohio Power requests that the Commission authorize the issuance of the

Pursuant to its Supplemental Initial Comments of January 4, 2013, Ohio Power revised the exhibits included in its initial application. For the purposes of its summary and review of the application, the Commission will rely upon the revised exhibits.

Additionally, Ohio Power originally sought, in 12-1969-EL-ATS (12-1969), In the Matter of the Application of Ohio Power Company for Authority to Issue Phase-In-Recovery Bonds to Recover Phase-In Costs and Financing Costs, and Impose and Collect Phase-In-Recovery Charges, and for Tariff and Bill Format Approvals and for Commission Action, approval for bill format changes related to the proposed securitization. The Commission notes that Ohio Power subsequently filed a separate application Case No. 12-2999-EL-UNC (12-2999), In the Matter of the Application of Ohio Power Company for Approval of a Change in Bill Format, specific to this issue. The bill format request in 12-1969 was suspended pursuant to the attorney examiner Entry of August 14, 2012. The bill format request in 12-2999 was suspended pursuant to the attorney examiner Entry of November 27, 2012.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 6 of 78

12-1969-EL-ATS 12-2999-EL-UNC -6-

PIR Bonds if such issuances result in, consistent with market conditions, measurably enhancing cost savings to customers and mitigating rate impacts to customers as compared with the Commission's previously-approved recovery methods or traditional financing mechanisms, and are consistent with Ohio policy as set forth in Section 4928.02, Revised Code (*Id.* at 5). Ohio Power represents that the PIR Bonds will be issued at an effective interest rate (after taking into account upfront and ongoing Financing Costs) lower than the Commission authorized carrying charges on Ohio Power's deferred assets (*Id.* at 6).

Ohio Power submits that the PIR Bonds will be structured in such a manner to achieve the highest credit rating (i.e., AAA or equivalent from applicable rating agencies) and a lower cost than its existing Commission approved carrying charge and, therefore, will result in both measurably enhancing cost savings to customers and mitigating rate impacts as compared with the currently approved recovery method (i.e., DARR) (*Id.* at 13, 20). The proceeds from the issuance of the PIR Bonds, after the payment of the upfront Financing Costs, will be applied to the reduction of Ohio Power's existing debt through the avoidance of refinancing long-term debt maturing in 2013 and defeasance of other long-term debt⁴ (*Id.* at 4).

According to Ohio Power, the benefit to customers of the lower effective interest rate versus the currently authorized carrying charge in the DARR is reflected in a reduction in the expense amount payable by customers on both a nominal and net present value basis as compared with the existing recovery mechanism (*Id.* at 6). Specifically, consistent with Revised Ex. A (including the Commission's advisor fee) of Ohio Power's Supplemental Initial Comments, Ohio Power represents that, based upon the proposed recovery period, the estimated nominal cost savings to customers is approximately \$22 million in the aggregate. The net present value of the expected customer savings is estimated to be \$28.8 million based on interest rates and market conditions at the time of the estimate. Therefore, Ohio Power believes that the proposed securitization will provide cost savings and will mitigate rate impacts to customers by flowing the cost savings through to customers in a manner that yields lower associated rates compared to the cost recovery method previously approved by the Commission (*Id.*).

In its original application, Ohio Power requested that the Commission issue a Financing Order pursuant to the provisions of Sections 4928.232(C) and 4928.232(D)(2), Revised Code, authorizing the issuance of PIR Bonds up to an aggregate principal amount of approximately \$320 million in one or more series and in

⁴ As reflected in Ohio Power's Supplemental Initial Comments, the defeasance of other long-term debt was subsequently removed from the application by Ohio Power (Supplemental Initial Comments at 1).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 7 of 78

12-1969-EL-ATS 12-2999-EL-UNC -7-

one or more tranches (*Id.* at 5). The actual amount of the PIR Bonds issued will be an amount equal to (i) the deferral balance of Phase-In Costs collectible through the DARR as of the month-end which is at least 20 days prior to the date of the pricing of the PIR Bonds and (ii) the estimated upfront Financing Costs (*Id.* at 5, 6).

Specifically, Ohio Power proposes to issue one tranche in the amount of \$149 million with an expected maturity of 3.71 years, and a second tranche in the amount of \$149,018,000 million with an expected maturity of 6.71 years (Ohio Power, Revised Ex. C, March 12, 2013). Ohio Power states that the PIR Bonds will have a later final legal maturity date of no more than one additional year after the expected maturity date by which the PIR Bonds must be paid in full in the event that collections of the PIR Charges are lower than projected prior to the expected maturity date (Application at 7). Assuming no material changes in market conditions, Ohio Power would expect to issue the PIR Bonds within 120 days of the Financing Order becoming a Final Financing Order as defined in Section 4928.23(G), Revised Code (Id.).

Through its application, Ohio Power proposes to establish a new Deferred Asset Phase-In Rider (Phase-In Rider) in order to recover the securitized costs associated with its existing deferred assets currently recovered under the DARR. The proposed Phase-In Rider is 7.1911 percent of the customer's base distribution charges pursuant to Ohio Power's approved tariff schedules, excluding charges under any applicable riders (Ohio Power Supplemental Initial Comments, Revised Ex. G). Revised Exhibit G of the application contains the proposed tariff pages reflecting the estimated tariff charges based upon currently available information related to the terms of the proposed issuance of PIR Bonds. It also includes the withdrawal of the DARR. (*Id.*; Application at 11). Consistent with Section 4928.232(H), Revised Code, Ohio Power commits to filing final tariffs in conjunction with its Issuance Advice Letter in order to reflect actual debt service, other Financing Costs, and any other revised assumptions, such as electricity consumption (*Id*).

Ohio Power intends to use the proceeds from the issuance and sale of the PIR Bonds, net of upfront Financing Costs, to redeem, retire, or repay a portion of its existing debt (*Id.* at 6). Ohio Power states that the proceeds from the PIR Bonds will: (i) allow full collection of the associated Financing Costs, and (ii) compensate Ohio Power for Phase-In Costs at an effective interest rate (after taking into account upfront and ongoing Financing Costs) that is lower than Ohio Power's Commission authorized rate-of-return for such regulatory assets (*Id.*). Based on an assumed issuance date of January 15, 2013, Ohio Power has estimated a \$291.5 million deferral balance of Phase-In Costs collectable through the DARR and an estimated \$6.53 million in upfront Financing Costs, including independent financial advisor fees, for an approximate issuance amount of \$298,018,000 (Ohio Power Supplemental Initial

-8-

Comments, Revised Exs. A, B). Ohio Power recognizes the actual timing of the issuance will depend on a number of factors, including, among other things, whether the registration statement for the PIR Bonds is approved, the timing of the issuance of the Financing Order and its becoming final, and financial market conditions (Application at 5). Upon the issuance of the PIR Bonds, Ohio Power will reduce the DARR deferral by the amount of the PIR Bonds issued. Ohio Power will make a final reconciliation filing within ninety days after the date of the bond issuance to address the remaining deferral balance of the DARR (*Id.* at 11).

Additionally, Ohio Power estimates that the ongoing annual Financing Costs will be approximately \$621,518.5 (Ohio Power Supplemental Initial Comments, Revised Ex. B). Ohio Power recognizes that actual Financing Costs will vary from the estimates due to market conditions, the Securities Exchange Commission (SEC) registration process, and other factors, such as the actual costs of retiring existing long-term debt, and the cost of debt servicing if there are significant delays related to customer payments. Ohio Power commits that, no later than the close of business on the second business day after pricing the PIR Bonds, it will file an Issuance Advice Letter that provides a final estimate of the upfront Financing Costs, as well as the estimated ongoing Financing Costs. (Application at 8.)

Ohio Power submits that the proposed securitization will benefit customers through the lower costs of securitization as compared with the carrying charges previously authorized in the DARR (Id. at 4). The expected rate mitigation is based on current interest rates, market conditions, and the existing DARR as approved by the Commission (Id.). The existing DARR provides for a carrying charge of 5.34 percent and Ohio Power asserts that consumers will benefit as long as the weighted average interest rate of the PIR Bonds does not equal or exceed a weighted average rate of 4.259 percent on a net present value or 3.278 percent on a nominal basis based on the inclusion of the independent financial advisor fees (Ohio Power's Supplemental Initial Comments, Revised Exhibit A). Further, Ohio Power notes that upon issuance of the proposed PIR Bonds, Ohio Power customers are expected to have an estimated PIR Charge of 7.1911 percent of base distribution revenue (Id., Revised Exhibit G). If the DARR continues as previously approved, Ohio Power customers will continue to pay a monthly charge of 8.501 percent of base distribution revenue. (Application at 10, 11). Ohio Power provides a comparison of the customer bill impacts of the Phase-In Rider compared to the DARR for various customer classes in both the Ohio Power Rate Zone

Ohio Power estimated ongoing annual Financing Costs with Ohio Power as the servicer. If a non-utility successor servicer is needed, Ohio Power estimates that ongoing annual Financing Costs could exceed \$2,690,000. Ongoing Financing Costs are addressed by the Commission in Section V(E)(2) of this Financing Order. [Ohio Power Supplemental Initial Comments, Revised Ex. B (with the Commission advisor fee).]

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 9 of 78

12-1969-EL-ATS 12-2999-EL-UNC -9-

and the Columbus Southern Power Rate Zone (Ohio Power Supplemental Comments, Revised Ex. F).

In order to implement the proposed securitization, Ohio Power will form a bankruptcy-remote, special purpose entity (SPE), which will be a separate, whollyowned limited liability company expected to be organized in the state of Delaware. The SPE will be known as Ohio Power Phase-In-Recovery Bonds I. The SPE will be a subsidiary of Ohio Power. (Application at 6, 7, 15.) The SPE will have no employees and it will engage with other parties to undertake the activities necessary to issue the PIR Bonds and perform other functions in connection with the issuance of the PIR Bonds (*Id.* at 15, 16).

Following formation of the SPE, Ohio Power will transfer, sell or assign its PIR Property to the SPE, which will be an assignee of the PIR Property as defined in Section 4928.23(B), Revised Code, and as provided for in Section 4928.234(A), Revised Code (*Id.* at 19). According to Ohio Power, the sale of the PIR Property will occur concurrently with the issuance of the PIR Bonds (*Id.* at 17). The SPE will acquire the PIR Property from Ohio Power using the net proceeds from the PIR Bonds (*Id.* at 18). A structure/transaction flow chart has been provided as Exhibit H to the application. Ohio Power requests that the Financing Order confirm the formation of the SPE, the sale of PIR Property to the SPE, and the issuance by the SPE of PIR Bonds secured by the PIR Property and other assets and property owned by the SPE (*Id.* at 15, 17).

According to Ohio Power, consistent with Section 4928.23(K), Revised Code, the PIR Property shall include the property, rights and interests of Ohio Power or its SPE assignee to, pursuant to this Financing Order, impose, charge and collect the PIR Charges together with the revenues, receipts, collections, rights to payment, payments, monies, claims, or other proceeds arising from the rights and interests created under the Financing Order (*Id.* at 14). The repayment of the PIR Bonds by the SPE will be secured by a first priority pledge and security interest in all right, title, and interest of the SPE in (i) the PIR Property, (ii) the transaction documents, (iii) the collection account and all sub-accounts established in the indenture under which the PIR Bonds will be issued, (iv) the cash used to capitalize the SPE, and (v) all other property owned by the SPE (with limited exceptions as may be appropriate), and (vi) all proceeds of each of the foregoing (*Id.* at 18).

The SPE will establish one or more segregated trust accounts (Collection Account) into which the PIR Charge remittances will be deposited. The indenture trustee will timely apply funds from these accounts in order to pay principal and interest on the PIR Bonds and other Financing Costs (*Id.* at 16). The Collection

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 10 of 78

12-1969-EL-ATS 12-2999-EL-UNC -10-

Account will include one or more sub-accounts, including a general sub-account, a capital sub-account, and an excess funds sub-account (*Id.*).

The PIR Bonds will not be included in the regulatory capital structure of Ohio Power on a going- forward basis and, instead, will be recorded in accordance with Generally Accepted Accounting Principles (GAAP) as long term debt on the balance sheet of Ohio Power's bankruptcy-remote SPE for financial reporting purposes. Because the SPE will be consolidated with Ohio Power for financial reporting purposes, the PIR Bonds will, under GAAP, also be reflected on the consolidated balance sheet of Ohio Power (*Id.* at 7).

In order to accomplish the securitization, Ohio Power will capitalize the SPE in an amount anticipated to be .50 percent of its initial principal balance of PIR Bonds. Such amount will be held in a capital sub-account and will be pledged to secure the PIR Bonds. The amount in the capital sub-account will be available to pay ongoing Financing Costs that may vary from estimates due to an unexpected shortfalls in collections or increases in such Financing Costs (*Id.* at 16, 17).

Ohio Power explains that it will issue two specific tranches (classes) of bonds with different fixed interest rates and maturity dates. Tranche A-1 will be in the amount of \$149,000,000 with a proposed interest rate of .58 percent and an expected maturity of 3.71 years. Tranche A-2 will be in the amount of \$149,018,000 with a proposed interest rate of 1.55 percent and an expected maturity of 6.71 years. (Ohio Power, Revised Ex. C, March 12, 2013). Ohio Power explains that the PIR Bonds will have a later final maturity of one additional year after the expected maturity date by which the PIR Bonds must be paid in full in the event that collections of the PIR Charges are lower than projected prior to the expected maturity date (Application at 7). The expected issuance date for the PIR Bonds, assuming no material changes in market conditions, will be within 120 days of the Financing Order becoming the Final Financing Order (Id.). The indicative transaction structure, including the recommended tranches with initial principal amounts, first scheduled principal payment dates, expected maturity dates, final legal maturity dates, and average lives are provided in Ohio Power's Supplemental Comments, Revised Exhibit D. According to Ohio Power, the final number of tranches, payment and maturity date and average lives may differ from those set forth in the application due to market conditions on the date of pricing of the PIR Bonds (Id. at 7, 8).

Additionally, Ohio Power requests that the Commission establish that the PIR Charges are nonbypassable and that all customers, including those participating in government aggregation, will be responsible for repayment of the PIR Bonds (*Id.* at 13).

-11-

As reflected in Ohio Power's Supplemental Initial Comments, Revised Exhibit E, Ohio Power proposes a formula-based adjustment mechanism (PIR reconciliation methodology) pursuant to which true-up filings must be made annually to correct for any under-collections or over-collections during the preceding period and to ensure that the PIR Charges continue to generate amounts sufficient to timely pay all scheduled payments of principal and interest and any other amounts due in connection with the PIR Bonds for the 12-month period following the true-up adjustment. The intent is that following any adjustment, each rate schedule will pay approximately the same proportion of the total PIR Charges as it otherwise would pursuant to the DARR under the existing recovery methodology (*Id.* at 12). The true-up filings may be made on a semi-annual basis or quarterly after the last scheduled maturity date of the PIR Bonds, provided certain conditions are satisfied (Ohio Power Supplemental Initial Comments, Revised Ex. E).

On August 1, 2012, the office of the Ohio Consumers' Counsel (OCC) filed a motion to intervene in 12-1969. In support of its motion, OCC pointed out that, if the requested Phase-In Costs and Financing Costs are approved, they will be charged to the residential utility customers of Ohio Power, who are represented by OCC. On December 12, 2012, the attorney examiner issued an Entry granting OCC's motion to intervene.

In order to afford all interested persons the opportunity to provide comments on the application filed by Ohio Power, a comment cycle for the filing of initial and reply comments was established pursuant to the attorney examiner Entry of August 14, 2012. Initial comments were filed by the Commission Staff (Staff) and OCC. Reply Comments were filed by Ohio Power and the OCC. On November 9, 2012, Ohio Power filed a motion for leave to file supplemental comments in order to address new issues arising after the deadlines for initial and reply comments had passed. Pursuant to Commission Entry of December 12, 2012, all parties were afforded the opportunity to file supplemental initial comments and supplemental reply comments. Supplemental initial comments were filed by Ohio Power and Staff. Supplemental reply comments were filed by Ohio Power, Staff, and OCC. Consistent with the Entry of December 12, 2012, the application in 12-1969 was suspended in order to allow for further review and evaluation by the Commission.

Finally, on November 16, 2012, Ohio Power filed an application in 12-2999 for a change in bill format pursuant to Rule 4901:1-10-22(C), Ohio Administrative Code, (O.A.C). However, Ohio Power had already proposed a change in bill format in its application in 12-1969 (Application at 14). The language in the application for a change in bill format in 12-2999 is different from the language originally proposed in

-12-

the application in 12-1969. On December 3, 2012, OCC filed a motion to intervene, a motion to suspend automatic approval, and initial comments in response to the application in 12-2999. On December 4, 2012, Ohio Power filed a memorandum contra to OCC's motion to intervene, motion to suspend automatic approval, and initial comments. The Commission finds that OCC's motion to intervene in 12-2999 is reasonable and should be granted. Furthermore, the Commission notes that at the time OCC filed its motion to suspend automatic approval of the application in 12-2999, the attorney examiner had already suspended the application. With the applications in 12-1969 and 12-2999 suspended, and with the overlap of issues set forth in the two cases, the Commission finds that the two cases should be consolidated in this Financing Order for the purpose of considering the issues raised in the applications pending in both cases.

IV. COMMENT SUMMARIES

A. Staff Initial Comments

Staff reviewed Ohio Power's securitization application and concurs that the proposed securitization will benefit customers by providing cost savings and rate mitigation. In particular, Staff states that it applied the following tests and reviews in order to verify whether the proposed securitization transaction satisfied certain conditions: (1) the total revenue test, (2) the present value test, (3) the proceeds test, and (4) bond structuring and pricing review (Staff Initial Comments at 17, 34).

Staff believes that the proposed securitization, as set forth in the initial application, meets the total revenue test based on the conclusion that total amounts billed under securitization is less than the total amounts billed under DARR (*Id.* at 18). Specifically, Staff opines that, based on the scenario set forth in the initial application, securitization will result in savings of about \$12 million. This \$12 million in savings is the difference between total amounts billed under DARR of about \$341 million and total amounts billed under securitization of about \$329 million. (*Id.* at 19).

Staff states that the proposed securitization as set forth in the initial application meets the present value test. According to Staff, this test is intended to ensure that the net present value of the amounts billed under securitization does not exceed the present value of total amounts billed under DARR over the PIR Bond life discounted using the proposed interest rate on the PIR Bonds (*Id.* at 20). Based on the scenario set forth in the initial application, Staff concurs that, if it is assumed that the PIR Bonds are issued with a weighted average annual interest rate on the PIR Bonds of 1.28 percent, there will be nominal savings to customers of about \$11.8 million and a net present value savings to customers of about \$20.4 million when compared to the cost recovery mechanism previously approved by the Commission through the DARR

-13-

(*Id.* at 20). However, Staff notes that if the weighted average annual interest rate on the PIR Bonds reaches at or above 2.32 percent on a nominal basis, or at or above 3.32 percent on a net present value basis, no savings will be realized by customers as a result of the securitization (*Id.* at 21; See also, Application, Ex. A). For this reason, and the fact that the Financing Order must be reasonably expected to result in cost savings to customers and reasonably expected to mitigate rate impacts as compared with traditional financing or recovery methods, Staff recommends that Ohio Power seek further Commission approval after pricing of the PIR Bonds occurs if the upfront Financing Costs or ongoing Financing Costs exceed the amount estimated in the initial application by greater than 5 percent of the estimated amount (Staff Initial Comments at 29; See also, Application, Exhibit C).

Additionally, Staff opines that, based on the scenario set forth in the initial application, the proposed securitization meets the proceeds test. According to Staff, this test is intended to ensure that the proceeds from the PIR Bonds are primarily used for the purposes of the repayment Ohio Power's existing debt. (Staff Initial Comments at 21.)

Staff also avers that, based on the scenario set forth in the initial application, the proposed securitization satisfies the bond structuring and pricing review. The bond structuring and pricing review test is intended to ensure that the structuring and pricing of the PIR Bonds results in the lowest PIR Charges consistent with market conditions and the terms of the Financing Order. Staff believes that Ohio Power has designed and structured the proposed securitization financing to ensure that the PIR Bonds receive the highest bond rating reasonably possible, and accomplishes both measurably enhancing cost savings to customers and mitigates rate impacts to customers through securitized PIR Bonds. Staff noted that the actual investor market-clearing interest rates for the PIR Bonds will be determined through the marketing and price discovery process. (*Id.* at 21, 22.)

Staff reviewed the scenario set forth in Ohio Power's initial securitization application and concurs that the financing terms and costs appear to be in conformance with general market conditions and are, therefore, reasonable. However, Staff recommends that the Commission condition its approval of Ohio Power's securitization subject to the existence of actual Financing Costs that do not to exceed 5 percent of the estimations provided in the application in order to ensure that the actual financing terms and costs incurred by Ohio Power reflect the projected financing terms and costs (*Id.* at 23). Ohio Power's application has no such limit. Instead, Ohio Power has requested that it be permitted to recover any remaining upfront Financing Costs through traditional rate-making mechanisms. Staff recommends that the Commission deny this aspect of the application and, instead,

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 14 of 78

12-1969-EL-ATS 12-2999-EL-UNC -14-

implement a hard cap that the actual upfront Financing Costs not exceed the estimated amount by greater than 5 percent (*Id.* at 25).

Also to ensure that the actual financing terms and costs incurred by Ohio Power reflect the projected financing terms and costs, Staff recommends that the Commission should require Ohio Power to submit an Issuance Advisory Letter following the determination of the final terms of the PIR Bonds, but before the actual issuance of the PIR Bonds. Specifically, Staff states that the initial PIR Charges set forth in the Issuance Advice Letter should become effective (without further action from the Commission) on the date of issuance of the PIR Bonds unless the Commission issues an order finding that the proposed issuance of the PIR Bonds does not comply with the requirements of the Financing Order by noon on the fifth business day after pricing. (*Id.* at 24.)

Staff notes that competitive third-party billing/collection is not currently permitted by the Commission rules. Therefore, Staff recommends that if the Commission establishes rules relating to competitive third-party billing/collection, Ohio Power should be permitted to implement such features, as long as it does not result in additional burden on Ohio Power's customers on a going forward basis. Staff believes that third-party billing/collection costs should not be included as part of the recoverable, ongoing costs contemplated by the application, or by any other rates or charges. (*Id.* at 27.)

According to Staff, Ohio Power's proposed true-up mechanism methodology for the Phase-In Rider is reasonable provided that the Commission is not required to review and approve the true-up adjustment within a 15-day period (*Id.* at 31). Rather, Staff recommends that the Commission establish a procedural schedule for each true-up adjustment in order for new rates to become effective (*Id.*).

B. OCC Initial Comments

OCC believes that the Commission and Ohio Power should utilize the entire 135 days contemplated by the statute to review the application and render a decision. According to OCC, utilizing the full 135 days will enable the parties and the Commission to conduct a more comprehensive review of the proposed securitization and ensure that the securitization will result in measurably enhanced cost savings to customers. According to OCC, market conditions are not likely to change during the time allotted by statute. (OCC Initial Comments at 12.) OCC further asserts that the potential reductions or adjustments to the initial and ongoing Financing Costs and interest rates on the PIR Bonds that can be achieved as a result of a more detailed and comprehensive review may outweigh any potential savings that could result from an expedited schedule (*Id.* at 14).

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 15 of 78

12-1969-EL-ATS 12-2999-EL-UNC -15-

OCC agrees with Ohio Power's proposal that the PIR Bonds be issued with a fixed interest rate, at one time, and through a registered public offering under the U.S. Securities Act of 1933, as amended (Securities Act). (*Id.* at 17, 18.)

OCC believes that Ohio Power should be required to be the servicer of the PIR Bonds. To the extent that no EDU successor willing or able to assume such servicing duties, and a non-utility third-party servicer is necessary, OCC recommends the use of a third-party servicer and that the associated fees be approved in advance by the Commission. (*Id.* at 19.)

OCC believes that Ohio Power should explore additional channels for marketing and selling the PIR Bonds. Specifically, OCC believes that the PIR Bonds should be priced and marketed through a more competitive and open process such as an auction-type public offering. OCC contends that combining an auction-type public offering with some privately negotiated sales would result in a lower interest to the benefit of Ohio Power's customers (*Id.* at 19, 20).

OCC believes Ohio Power should provide additional information to support and justify the amounts of the estimated upfront and ongoing Financing Costs (*Id.* at 20). In support of its position, OCC submits that, currently in Ohio, there are few benchmarks, if any, regarding the expenses incurred before, during, and after the securitization process (*Id.* at 21).

Furthermore, OCC recommends that the Commission establish caps on the costs of individual items included in the upfront and ongoing Financing Costs. OCC recommends that the following expense items be capped at a pre-determined level: Underwriters' Fees, Accountant Fees, Company Advisor Fees and Expenses, Legal Fees, Trustee/Trustee Counsel Fees, and Miscellaneous Administration Costs (*Id.*). Unless proposed otherwise by Staff or OCC, OCC believes the cap for these specified expenses should be set at the amount of the cost estimate provided in the application (*Id.* at 21, 22). According to OCC, any expenses exceeding the pre-determined cap should be paid by Ohio Power (*Id.* at 22).

OCC believes that debt retirement costs should be further explained with an emphasis on the specific debt securities to be retired, the provisions of the debt securities governing the payment of debt retirement costs, and the calculation of debt retirement costs (*Id.* at 22, 23).

OCC believes that debt retirement costs for the retirement of CSP OAQDA Series 2009B, also known as the Pollution Control Recovery Bonds, as provided for in

-16-

the initial application, should be disallowed. OCC believes that the proceeds of the proposed securitization should not be used solely for corporate separation purposes, and that the costs of corporate separation and divestiture should not offset the benefits of securitization. Specifically, OCC believes that these expenses are unrelated to the creation and recovery of the phased-in deferral and, therefore, should not be used to offset the benefits of securitization to all customers. (*Id.* at 23.)

Finally, on December 3, 2012, OCC presented initial comments in 12-2999 regarding the application for approval of a change in bill format. OCC argues that Ohio Power's proposed definition for the term "Deferred Asset Phase-In Rider", which is the Phase-In Rider, is not clear and understandable in accordance with Rule 4901:1-10-22(B), O.A.C. In its December 4, 2012, memorandum in opposition, Ohio Power argues that OCC failed to propose alternative language or make a suggestion on how to more clearly define the Phase-In Rider.

C. Ohio Power Initial Reply Comments

Ohio Power responds to Staff's recommendation that upfront Financing Costs not exceed the amount estimated in the application by greater than 5 percent of the estimated amount. In particular, Ohio Power submits that if the upfront Financing Costs were to exceed 5 percent of the estimated amount, it would not proceed with the issuance of the bonds and, instead, would continue to collect the DARR at the existing rate of 5.34 percent. (Ohio Power Initial Reply Comments at 1, 2.)

Ohio Power disagrees with Staff's recommendation that Ohio Power seek Commission approval if the ongoing Financing Costs exceed the estimated ongoing Financing Costs set forth in the application by greater than 5 percent. Ohio Power asserts that it is critical to the rating of the PIR Bonds that the ongoing Financing Costs be paid by the SPE, and not by Ohio Power, since the rating of the PIR Bonds is to be based on the SPE's credit attributes and bankruptcy remote status. According to Ohio Power, if a cap is placed on ongoing Financing Costs, then Ohio Power becomes the alternative source of payment and its credit history could become relevant. Instead, the credit rating agencies will insist that ongoing Financing Costs be recoverable from the PIR charges. (*Id.* at 3, 4.) Ohio Power asserts that the SPE must be able to cover all of its ongoing Financing Costs, that all agreements between Ohio Power and the SPE be at arms length, and that Ohio Power cannot assume or guarantee payment of obligations of the SPE, such as ongoing Financing Costs, if the desired AAA rating for the PIR Bonds is to be obtained (*Id.* at 4).

Ohio Power agrees with Staff's recommendation to authorize defeasance of its Pollution Control Recovery Bonds only if such defeasance is consistent with the

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 17 of 78

12-1969-EL-ATS 12-2999-EL-UNC -17-

Commission's conclusions in Ohio Power's corporate separation case (Case No. 11-346-EL-SSO et al.) (*Id.* at 5).

Ohio Power disagrees with Staff's recommendation to add an additional day to the proposed time frame for the review of the Issuance Advice Letter. Ohio Power asserts that five days to review the Issuance Advice Letter will result in closing on the sixth day, which creates an extra day of exposure to market disruptions. (*Id.* at 7.) To assist Staff, Ohio Power proposes to provide a draft Issuance Advice Letter two weeks prior to the expected date of the commencement of the marketing of the PIR Bonds. To the extent that Staff has specific concerns, Ohio Power recommends that within one week of receipt of the draft Issuance Advice Letter, Staff should provide Ohio Power with any comments or recommendations regarding the adequacy of the information provided in the draft Issuance Advice Letter. (*Id.*)

Ohio Power disagrees with Staff's recommendation that the Commission set a procedural schedule for each true-up adjustment (*Id.*). Ohio Power believes that such a requirement is unnecessary, would potentially jeopardize the AAA rating of the bonds, and does not comport with Section 4928.238(B), Revised Code (*Id.* at 8). According to Ohio Power the AAA rating of the bonds could be jeopardized because rating agencies prefer true-up adjustments to be automatic and implemented on an expeditious basis (e.g., a 15-day automatic approval) subject only to mathematical review (*Id.*). Furthermore, Ohio Power asserts that Section 4928.238(B), Revised Code, limits the Commission's review of a true-up filing to a determination of whether there is a mathematical error in the application of the adjustment mechanism. Since Ohio Power believes Commission is limited to a review of mathematical error alone, it believes that setting a procedural schedule would be unnecessary. (*Id.*)

Ohio Power agrees with Staff's proposal to provide annual updates based upon 12 months of data (*Id.* at 8). In stating its agreement, Ohio Power asserts that it can utilize true-ups based upon 12 months of data so long as the effective date of an adjustment is no more than 15 days after filings in order to ensure that it has sufficient revenues to make all debt payments (*Id.*). Ohio Power asserts that while a true-up adjustment based on 12 months of data is appropriate, it must be able to maintain the option to file an interim true-up adjustment if necessary (*Id.*).

Ohio Power agrees with Staff that the savings in the transaction should be identified and updated in the Issuance Advice Letter (*Id.*). However, Ohio Power disagrees with Staff's recommendation that the Commission condition its approval of the Financing Order upon Ohio Power achieving a weighted average annual interest rate on the PIR Bonds below 2.32 percent (*Id.*). Ohio Power asserts that the 2.32 percent breakeven coupon set forth in the Application was based on market

-18-

conditions at the time the application was filed, as well as on numerous assumptions. Ohio Power asserts that because the assumptions are likely to change, the 2.32 percent threshold should not be included as a limitation in the Financing Order. According to the company, the final bond structure and the final terms of the PIR Bonds will be described in the Issuance Advice Letter and provided to the Commission after the PIR Bonds are priced, but before the PIR Bonds are issued. (*Id.* at 9, 10.)

Ohio Power agrees with most of Staff's recommended changes to the Issuance Advice Letter, including that the Issuance Advice Letter should contain a schedule confirming the customer savings and quantifying the nominal and present value savings (*Id.* at 10).

Ohio Power agrees with Staff's recommendation that if any third-party billing/collection is performed in the future, no additional costs from such billing/collection should be imposed on customers (*Id.* at 11).

Ohio Power disagrees with OCC's recommendation to utilize the entire 135 days permitted by 4928.232(B), Revised Code. Ohio Power believes that extra time should not be taken and should not be necessary. Furthermore, Ohio Power points out that credit market conditions may change and this risk should be minimized by preventing any unnecessary delay. (*Id.*)

Ohio Power disagrees with OCC's recommendation that the Commission hire a financial advisor. Ohio Power believes that Staff's expertise should be sufficient and that the Issuance Advice Letter process will ensure that notice is given regarding the securitization measurably enhancing cost savings to customers and mitigating rate impacts to customers. Furthermore, Ohio Power disagrees that it should be held responsible for the cost of the Commission's financial advisor. Rather, Ohio Power believes that the fee for any financial advisor should be considered an upfront Financing Cost. (*Id.* at 11, 12.)

Ohio Power agrees with OCC's recommendation that it be the initial, and likely only, servicer of the PIR Bonds. However, Ohio Power asserts that in order for the PIR Bonds to receive a AAA rating, the rating agencies will likely insist that the transaction documents provide for the possibility of a successor servicer unaffiliated with Ohio Power. Rating agencies may further insist that the Financing Order authorize an increase in the servicing fee to the successor servicer due to the need for a successor servicer to duplicate the existing systems of Ohio Power. Therefore, Ohio Power contends that a successor servicer will have to charge a fee higher than that of Ohio Power. (*Id.* at 13, 14.)

-19-

Ohio Power disagrees with OCC's recommendation that the company market and sell the PIR Bonds in a competitive auction. Ohio Power points out that it is common for securitization transactions to be negotiated sales and that it is uncommon for these types of transaction to be conducted through a competitive bid process. Ohio Power is only aware of one such securitization transaction having been conducted through a competitive bid process. Ohio Power asserts that a competitive bid process could result in higher, not lower, clearing prices because the bids will likely be based upon the underwriters' subjective, potentially conservative, judgments of market clearing prices. Ohio Power asserts that a negotiated sale process should be utilized because it feels comfortable with the process as an efficient and transparent way of achieving the best pricing for the PIR Bonds. (*Id.* at 14-16.)

Finally, on December 4, 2012, Ohio Power presented reply comments in 12-2999 regarding its application for approval of a change in bill format. Ohio Power argues that its proposed definition for the "Deferred Asset Phase-In Rider" is clear and understandable in accordance with Rule 4901:1-10-22(B), O.A.C., and was filed in coordination with Staff. Ohio Power also argues that OCC failed to propose alternative language or make a suggestion on how to more clearly define the Phase-In Rider. (12-2999, Ohio Power Memorandum in Opposition to Motions and Initial Comments at 2).

D. OCC Initial Reply Comments

OCC disagrees with Staff's recommendation that the Commission authorize Ohio Power to defease the Pollution Control Recovery Bonds only if it is consistent with the Commission conclusions in Ohio Power's corporate separation case (OCC Initial Reply Comments at 7). OCC argues that the phrase "consistent with the Commission conclusions in Ohio Power's corporate separation case" is arbitrary and insufficiently explained by Staff. OCC states that, irrespective of the Commission's decision in Ohio Power's corporate separation case, the debt retirement costs associated with the Pollution Control Recovery Bonds should not be collected from customers through securitization and the resulting PIR charges (*Id.*).

In support of its position, OCC asserts that this securitization application should not be put on hold until the outcome of the corporate separation case. Additionally, OCC believes that the costs of Ohio Power's corporate separation should be collected through a traditional ratemaking mechanism, and not through the proposed securitization. (*Id.* at 8.) Further, OCC argues that spending \$11 million in order to retire a debt of \$33 million, is an unreasonably high amount and that Ohio Power and Staff have both failed to identify the financial or economic benefits of doing so. OCC also contends that the collection of debt retirement costs solely for the

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 20 of 78

12-1969-EL-ATS 12-2999-EL-UNC -20-

purpose of corporate separation may violate Rule 4928.02(H), Revised Code. (*Id.* at 9.) According to OCC, Staff's initial comments also fail to address the requirement that a Financing Order must be consistent with Rule 4928.232, Revised Code, and Ohio's electric services policy (*Id.*).

E. Ohio Power Supplemental Initial Comments

Ohio Power notes that on October 10, 2012, the Commission issued its decision in Case No. 12-1126-EL-UNC (12-1126), In the Matter of the Application of Ohio Power Company for Approval of an Amendment to its Cooperate Separation Plan (Corporate Separation Order), in which it did not permit the company to fund the defeasance costs of the Pollution Control Recovery Bonds with securitization proceeds. As a result of the Order in 12-1126, Ohio Power submitted, as part of its Supplemental Initial Comments, revised Exhibits A, B, C, and D reflecting the removal of the defeasance costs originally included as part of the estimated upfront Financing Costs identified in the original application filed in 12-1969. (Supplemental Comments at 1.) Ohio Power also included an additional version of Exhibits A and B to reflect both the removal of the defeasance costs and the additional upfront Financing Costs that would be incurred for a financial advisor under the terms similar to those set forth in Case No. 12-1465-EL-ATS (12-1465). In the Matter of the Joint Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Authority to Issue Phase-In-Recovery Bonds and Impose, Charge and Collect Phase-In-Recovery Charges and for Approval of Tariff and Bill Format Changes. The second version of revised Exhibit B also reflected the maximum upfront and ongoing Financing Costs that would be incurred if the fees and expenses were to increase five percent over the estimated amounts set forth in the revised Exhibit B. (Id. at 3, 4.) Ohio Power asserts that the measurable savings identified in the company's application will be further enhanced by the removal of the defeasance costs (*Id.* at 5).

Regarding the \$1.5 million cap established by Commission in 12-1465 for the purpose of an independent financial advisor, Ohio Power submits that the cap level is at the high end of the historic range compared to decisions issued by other state commissions. Additionally, Ohio Power notes that in the other state commission proceedings that it cited in its Supplemental Initial Comments, the scope of the services provided by the financial advisor was greater than that contemplated in this case. Further, Ohio Power believes that the structure of its proposed securitization should be simpler than the financings contemplated in the 12-165 since it will involve a single securitization for a single entity. Given the absence of defeasance costs, Ohio Power submits that the calculations of cost savings will be more straightforward relative to other transactions. Therefore, Ohio Power avers that the amount of the

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 21 of 78

12-1969-EL-ATS 12-2999-EL-UNC -21-

financial advisor fee in this case should reflect the simplicity of the financing compared to the securitization proposed in 12-1465. (*Id.* at 4.)

F. Staff Supplemental Initial Comments

According to Staff, Ohio Power now estimates a \$291.5 million deferral balance of Phase-In Costs collectable through the DARR at the assumed date of issuance of January 15, 2013 (Staff Supplemental Initial Comments at 3). Staff also points out that Ohio Power estimates \$6.53 million of upfront Financing Costs for an approximate PIR Bond issuance amount of \$298,018,000 (*Id.*). Staff notes that, based upon the proposed recovery period of seven years, Ohio Power now estimates that the cost savings to customers on a nominal basis and on a net-present value basis (without the inclusion of Commission advisor fees) would be about \$22 million and \$28.8 million, respectively, based on current interest rates and market conditions (*Id.*).

Staff highlights the fact that the proposed securitization is expected to mitigate rate impacts to Ohio Power's customers by flowing the cost savings through to customers in a manner that yields lower associated rates in comparison to the cost recovery method previously approved by the Commission (*Id.*). Specifically, Staff points out that the DARR provides for a carrying charge of 5.34 percent and that consumers will benefit so long as the expected weighted average interest rate of the PIR Bonds does not exceed 4.2 percent on a net present value basis, and does not exceed 3.3 percent on a nominal value basis as reflected in Ohio Power's Supplemental Initial Comments, Revised Ex. A (*Id.* at 4). Staff recognizes that Ohio Power, based upon current market conditions, typical structural features, and other features, now estimates that the weighted average annual interest cost of the PIR Bonds to be less than 1.09 percent. Staff notes that Ohio Power believes that, based on this interest rate, the issuance of the proposed PIR Bonds will result in significant cost savings and mitigation of rate impacts (*Id.*).

Staff notes that Ohio Power, in its Supplemental Initial Comments, revised its upfront Financing Costs to reflect the removal of about \$11 million in debt retirement/ defeasance costs of Pollution Control Recovery Bonds and to reflect the addition of the maximum financial advisor fees similar to those established in 12-1465. According to Staff, Ohio Power now represents that, based on these modifications, the upfront Financing Costs will be an amount in the aggregate of approximately \$6.5 million including the financial advisor's fee of approximately \$1.5 million. Staff highlights the company's revised estimate that it will incur ongoing Financing Costs of \$621,518 if it is the servicer of the PIR Bonds and will incur ongoing Financing Costs of about \$2.6 million if a third party functions as the servicer of the PIR Bonds. (*Id.* at 4, 5.)

-22-

Staff reviewed Revised Exhibit A to Ohio Power's Supplemental Initial Comments, which reflects a comparison of the existing rate-making structure to the proposed securitization structure. Based on its review, Staff believes that that the rate development methodology is reasonable as long as the financing structure results in a reduction of the amount payable by customers on both a nominal and net present value basis as compared with existing recovery mechanisms. (*Id.* at 11.)

Specifically, Staff applied a number of tests and reviews to verify that the proposed securitization transaction satisfies certain conditions. Staff determines that Ohio Power's proposal satisfies the total revenue test since the total revenues from the PIR charges will be less than the total revenue under the Commission's previously approved recovery methods (*Id.* at 6 citing Ohio Power's Supplemental Initial Comments, Ex. A). Staff determine that the revised securitization scenario satisfies the present value test because Ohio Power's retail consumers will pay \$28.8 million less on a present value basis than they would pay if the same balance was recovered through the previously approved recovery methods (*Id.* at 6). Additionally, Staff determines that the proceeds test will be satisfied when Ohio Power primarily uses the proceeds received from the issuance of PIR Bonds to redeem, retire, and repay a portion of existing debt (*Id.* at 7). Finally, Staff concludes that the proposed securitization financing appears to have been designed and structured to ensure that the PIR Bonds receive the highest bond rating possible, consistent with the objective of obtaining the lowest overall cost of financing through securitized PIR Bonds (*Id.*).

Specific to the concerns raised by Ohio Power regarding the Commission's determinations in 12-1465, Staff asserts that Ohio Power has not raised any new information or circumstances beyond that addressed in the Commission's Financing Order or Entry on Rehearing in 12-1465 (*Id.* at 12).

G. OCC Supplemental Reply Comments

In response to Ohio Power's recommendation that the Commission consider adopting a fee cap for an independent financial advisor that is lower than the cap established in 12-1465, OCC submits that a proposed fee range with a cap of \$1,500,000 and no floor, in conjunction with the use of a competitive Request for Proposal process is a reasonable parameter for the hiring of an independent financial advisor. In support of its position, OCC submits that "[c]onsidering the importance of an independent financial advisor, the technical nature of the transaction, and the potential benefits to the Utility shareholders and customers, the Commission's authorized range and disbursement of the fee for its independent financial advisor is reasonable." (OCC Supplemental Reply Comments at 3.)

-23-

As further support for its position, OCC compared the 12-1465 independent financial advisor cap to other proposed service fees estimated in the application (e.g., legal fees of \$2,250,000 and underwriter fees of \$1,482,540) (*Id.*at 4). Finally, OCC asserted that "[g]iven the important responsibility of the independent financial advisor for minimizing costs to consumers, paying the first \$500,000 (or a lesser amount) of the Advisor's fee out of the underwriter's spread is justified and in the best interest of customers" (*Id.*). Finally, OCC avers that a financial advisor fee similar to that ordered in 12-1465 is on par with those approved by other state commissions (*Id.* at 4, 5).

OCC rejected Ohio Power's claim that the advisor fee in this case should be less than that in 12-1465 due to the fact that the current case involves a single utility and the absence of defeasance costs. Specifically, OCC points out that regardless of these differences, "[t]he tasks facing an independent financial advisor in assisting the Commission regarding the pricing and selling of PIR Bonds by Ohio Power will be no less than those tasks involved in the pricing and marketing of PIR Bonds by the three FirstEnergy electric utilities" (*Id.* at 6).

H. Ohio Power Supplemental Reply Comments

Ohio Power's supplemental reply comments are in response to Staff's Supplemental Initial Comments and were intended to clarify statements made by Staff regarding the reviews and tests applied by Staff to evaluate Ohio Power's application. These tests are the total revenue test, the present value test, the proceeds test, and the bond structuring and pricing review. While Ohio Power agrees with Staff's determination that the proposed securitization satisfies all four tests, Ohio Power notes that tests are not statutorily mandated. (Ohio Power Supplemental Reply Comments at 2.)

Furthermore, Ohio Power argues that the proceeds test is inconsistently described by Staff. Specifically, Ohio Power notes that Staff refers to the proceeds test in regards to both existing debt and in regards to existing long-term debt (*Id.*). Ohio Power asserts that the reference to existing long-term debt is incorrect since Ohio Power intends to use the proceeds primarily to repay both current maturities of long-term debt and short-term debt (*Id.*).

I. Staff Supplemental Reply Comments

Staff's Supplemental Reply Comments consist of a correction to its Supplemental Initial Comments. Specifically, the correction recognizes that Ohio

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 24 of 78

12-1969-EL-ATS 12-2999-EL-UNC -24-

Power will not incur certain upfront Financing Costs related to retiring and refunding Ohio Power's existing long-term debt (Staff Supplemental Reply Comments at 1).

V. DISCUSSION AND CONCLUSIONS

This case represents one of the first times that the Commission is considering an application filed by an EDU pursuant to the Act, seeking a Financing Order for the issuance of PIR Bonds and to recover uncollected Phase-In Recovery Costs. Ohio Power is an EDU pursuant to Section 4928.01(A)(6), Revised Code, and, therefore, has the proper standing to have its application in this proceeding considered by the Commission. Prior to setting forth the actual statutorily required provisions of the Financing Order pursuant to Section 4928.232, Revised Code, the Commission will first resolve the disputed issues as raised in the context of the parties' comments in this case.

A. Time to Consider the Application

The first issue in dispute concerns the amount of time required for the Commission to complete its review of the application. With respect to the disputed length of time that the Commission should utilize to review the Application, OCC recommends that the Commission avail itself of the entire 135 days permitted by Section 4928.232(C)(1), Revised Code (OCC Initial Comments at 11). However, Ohio Power argues that extra time should not be taken and that credit market conditions could change before a Financing Order is issued (Ohio Power Initial Reply Comments at 11).

On December 12, 2012, the Commission issued an Entry pursuant to Section 4928.232(C)(2), Revised Code, suspending the application for ninety days. The application was suspended in order to allow for further review and evaluation of the application by the Commission and to allow for the filing of supplemental comments by the parties. The Commission is mindful of the credit market conditions in existence at the time the application was filed and has refrained from engaging in or promoting unnecessary delay. The Commission believes that it has availed itself of all the time necessary to review the application and issue this Financing Order, especially in light of the modifications set forth in the Ohio Power's January 4, 2013, Supplemental Initial Comments. Additionally, the Commission finds that Ohio Power's Supplemental Initial Comments filed on January 4, 2013, contained revised exhibits that constituted a material change to the Application. Furthermore, the Commission finds that a material change to an application for a Financing Order constitutes the refiling of the application which, in this case, pursuant to Section 4928.232(C)(1), Revised Code,

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 25 of 78

12-1969-EL-ATS 12-2999-EL-UNC -25-

grants the Commission 135 days to either issue a Financing Order, grant the application in whole or with modifications, or suspend or reject the application.

B. Hiring an Independent Financial Advisor

The second issue in dispute is OCC's request that, similar to other states, the Commission hire a financial advisor to review the reasonableness and prudency of Ohio Power's proposal and to review the Financing Costs that the customers will be asked to pay. OCC submits that an independent financial advisor working solely for the Commission will help assure that the issuance of the PIR Bonds is consistent with the state electric service policies and measurably enhances customer savings and mitigates customer rate impacts, as required by statute. (OCC Initial Comments at 15; OCC Initial Reply Comments at 11.) Further, OCC states that an independent financial advisor could assist in the development of the Financing Order (Id. at 10). In support of its request, OCC asserts that the securitization of PIR Bonds is distinguishable from the Commission's review of requests for the issuance of shortterm and long-term debts securities. Specifically, OCC submits that unlike its normal review of debt issuance matters, once a Financing Order is issued in a securitization case, the Commission's review authority will no longer exist except for the identification of mathematical errors. As a result, OCC contends that the Commission generally will not be able to review and adjust any PIR Charge collected to pay for the (OCC Initial Comments at 15.) In support of its request for an PIR Bonds. independent financial advisor, OCC references the fact that in the state of Texas, an affiliate of American Electric Power (Central Power and Light) supported the use of an independent financial advisor (OCC Initial Reply Comments at 11).

OCC points out that an independent financial advisor will provide an expert opinion that is independent and separate from Ohio Power and that the independent financial advisor could monitor the pricing of the PIR Bonds after the Commission issues its Financing Order. OCC believes that the task of monitoring is critical since Ohio Power is proposing to sell the PIR Bonds pursuant to a negotiated sale to investors. (OCC Initial Comments at 17.) OCC opines that the cost of an independent financial advisor should be in the range of \$300,000 to \$400,000, which is approximately .14 percent of the amount of debts to be retired. OCC submits that, consistent with Section 4903.24, Revised Code, the cost of using an outside financial advisor for securitization should be borne by Ohio Power, and not the Commission. (*Id.*)

Ohio Power believes that Staff is capable of performing the requisite analyses. In support of this belief, Ohio Power references Staff's prior experience in processing other types of financing applications and the comments filed in this proceeding and

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 26 of 78

12-1969-EL-ATS 12-2999-EL-UNC -26-

the questions posed to Ohio Power by Staff. (Ohio Power Initial Reply Comments at 11.) Additionally, Ohio Power contends that, through the Issuance Advice Letter Process, it will be able to confirm that the approved securitization both measurably enhances cost savings to customers and mitigates rate impacts to customers compared with the recovery method previously approved by Ohio Power.

Notwithstanding OCC's arguments regarding the need for additional assistance of an independent financial advisor due to the alleged distinguishing factors between the typical debt proceeding and securitizations such as this case, Ohio Power avers that the Commission's existing authority is adequate to address any particular concerns. In particular, Ohio Power states that through a Financing Order and review of the Issuance Advice Letter, the Commission will authorize the maximum amount and description of the Phase-In Costs that may be recovered, a description of the Financing Costs that may be recovered through the PIR Charges, a description of the true-up mechanism, and the maximum term of the PIR Bonds to be issued. (*Id.* at 12.) Finally, Ohio Power responds that if the Commission decides to hire an independent financial advisor, such fee and any associated legal fees should be treated as an upfront Financing Cost (*Id.* at 13).

In its Supplemental Initial Comments, Ohio Power recognizes that a financial advisor fee was permitted in 12-1465. While Ohio Power's supplemental exhibits are premised on a financial advisor fee cap of \$1.5 million, similar to that approved in 12-1465, Ohio Power argues that the historic range of financial advisory fees, the scope of services, the point at which the financial advisor is retained, the prior experience of the applicable state commission, and the complexity of the financing structure should all be considered in setting the financial advisor fee. Therefore, Ohio Power asserts that the financial advisor fee in this case should be less than \$1.5 million. In support of its position, Ohio Power submits that because the terms of the Financing Order will have already been adopted by the Commission prior to the financial advisor's involvement, the scope of service for the financial advisor will be less than the typical scope of service for financial advisors. Furthermore, Ohio Power argues that the financial advisor fee should be less than \$1.5 million because the structure of Ohio Power's proposed securitization should be simpler than the securitization contemplated in 12-1465. (Ohio Power Supplemental Initial Comments at 4, 5.)

In its Supplemental Reply Comments, OCC argues that \$1.5 million for a financial advisor fee is not unreasonable. Specifically, OCC does not consider the \$1.5 million to be an actual fee but, rather, just a cap on the fee. Similarly, OCC points out that in 12-1465, the \$1.5 million financial advisor fee is a cap and that the actual amount has not been determined. OCC argues that, due to the technical nature of the transaction and the potential benefits to Ohio Power's shareholders and customers, the

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 27 of 78

12-1969-EL-ATS 12-2999-EL-UNC -27-

range of up to \$1.5 million is reasonable. Furthermore, OCC argues that paying the first \$500,000 (or lesser amount) out of the underwriter's spread is justified and in the best interest of customers. OCC believes that the cap for the independent financial advisor's fee that may be ordered in this case is on par with those approved by other commissions across the country. Finally, OCC argues that Ohio Power's contention that this case is simpler than the financing in 12-1465 is speculative in nature and that, if it is simpler, \$1.5 million is simply a cap, and not the floor, relative to the hiring of a financial advisor. (OCC Supplemental Reply Comments at 4, 5, 6).

With respect to OCC's request that the Commission hire an independent financial advisor to assist in the review of the reasonableness and prudency of Ohio Power's proposal and the applicable Financing Costs (transaction costs and interest rate) that customers will be asked to pay, the Commission directs Ohio Power to retain an independent financial advisor selected by Staff to serve as the Commission's designated representative and financial advisor for the purposes of the proposed securitization transaction. Specifically, the independent financial advisor, as discussed *infra*, will participate in the pricing and structure of the PIR Bonds and will engage in a review of the final terms of the proposed transaction. The Commission determines that following such review, the independent financial advisor must file an attestation as to whether the final terms and conditions of the transaction are consistent with this Financing Order.

The Commission finds that the independent financial advisor's fee should be capped at an amount not to exceed \$1,500,000; \$500,000 of which will be funded out of the underwriter's spread and \$1,000,000 of which will be included as part of the upfront Financing Costs. The actual selection of the financial advisor will occur pursuant to a Request for Proposal process under the supervision of Staff. It is incorrect to prematurely assume that such a process will automatically result in the payment of the capped amount. Additionally, the Commission agrees with OCC that there is not a direct correlation between the amount of the fee and the amount of the issued bonds. Specifically, the Commission believes that the scope of the independent financial advisor's work is independent of the face value of the bonds to be issued.

With respect to the disbursement of the independent financial advisor's fee out of the spread of the underwriter, the Commission clarifies that the \$500,000 amount out of the underwriter's spread will be adjusted on a prorated basis if the actual fee does not reach the \$1,500,000 level. Finally, the Commission agrees with OCC that the range of the independent financial advisor fee is on par with the independent financial advisor fees approved by other state commissions.

-28-

C. Format of the Sale of the PIR Bonds

The third disputed issue concerns OCC's recommendation that the PIR Bonds, as a registered public offering under the Securities Act, should be priced and marketed through a more competitive and open process such as an auction-type public offering, as well as through a private negotiated sale (OCC Initial Comments at 19, 20). By exploring other channels for marketing and selling PIR Bonds, OCC believes that the interest rates associated with the PIR Bonds can be lowered to the benefit of customers (*Id.* at 20).

In its application, Ohio Power states that it expects the PIR Bonds to be sold pursuant to a negotiated sale to investors coordinated through one or more underwriters (Application at 29). In support of its proposed transaction structure, Ohio Power states that the complexity of the PIR Bonds and the resulting need for sophisticated marketing make it customary for securities of this type to be structured by the utility with the assistance of a financial advisor and offered pursuant to a negotiated sale in a public offering (*Id.*). Specifically, Ohio Power has selected Citigroup Global Markets, Inc. to assist in the process of structuring this transaction (*Id.* at 28, 29).

In response to OCC's request relative to this issue, Ohio Power states that a negotiated sale is the preferred manner to conduct structured transactions such as the one in this case. Ohio Power notes that negotiated sales involve a comprehensive marketing process of reaching out to investors coordinated through underwriters, with investors submitting indications of interest, and the transaction priced between the issuer and the underwriter at a level where there is expected to be adequate demand for the PIR Bonds to be fully distributed to investors. (Ohio Power Initial Reply Comments at 14.)

According to Ohio Power, its structuring advisor has indicated that an underwritten negotiated sale is the most common form of marketing for highly structured securities like PIR Bonds and that, based on current market conditions, a transparent marketing process to the broadest range of institutional investors, in conjunction with Ohio Power educating its investor base, will result in the best execution of these securities (*Id.* at 15). Ohio Power opines that use of a competitive bid process will result in higher costs (*Id.*).

Upon a review of the record regarding this issue, the Commission finds that OCC's request should be denied. The Commission expects Ohio Power to rely on Citigroup Global Markets, Inc., as the structuring advisor, to structure the PIR Bond offering in such a manner to obtain the most optimal rates, terms, and conditions for the purpose of satisfying the statutory requirements set forth in the Act. Additionally,

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 29 of 78

12-1969-EL-ATS 12-2999-EL-UNC -29-

the Commission notes that with the involvement of its independent financial advisor and the filing of the Issuance Advice Letter and Certification, it will ultimately have the ability to review the reasonableness of this approach.

D. Upfront and Ongoing Financing Costs

The fourth issue in dispute between the parties relates to caps on upfront and ongoing Financing Costs. Pursuant to Section 4928.232(E)(1), Revised Code, the Commission is authorized to establish the maximum amount and a description of the Phase-In Costs that may be recovered through the issuance of the PIR Bonds.

1. Upfront Financing Costs Should Not Exceed the Estimated Upfront Financing Costs by More Than 5 Percent of the Estimated Amounts on a Line-Item Basis

In regards to upfront Financing Costs, the Commission notes that Ohio Power estimated in its application that upfront Financing Costs would be approximately \$16 million in the aggregate, including debt retirement/defeasance costs, of approximately \$11 million and other upfront Financing Costs of approximately \$5 million (Application at 8, 9; Application, Ex. B). On October 10, 2012, the Commission issued its decision in 12-1126 and ordered that Ohio Power not fund defeasance of Pollution Control Recovery Bonds with securitization proceeds. On January 4, 2013, Ohio Power filed supplemental initial comments with revised exhibits reflecting the Commission's decision in the Corporate Separation Order. The Ohio Power's Supplemental Initial Comments and revised exhibits recognize that defeasance costs will not be included in the upfront Financing Costs and that a financial advisor fee, if adopted by the Commission, should be included in the upfront Financing Costs. (Ohio Power Supplemental Initial Comments at 4.)

Staff recommends that the Commission establish a cap of 5 percent over the estimated upfront Financing Costs to allow Ohio Power to recover all of the actual upfront Financing Costs within the limits set forth as part of the PIR Charges (Staff Initial Comments at 25, 36). OCC recommends that a cap should be placed on the individual costs comprising the upfront Financing Costs and that the cap should be based on the typical or average expenses incurred by other entities for debt securities over the last five to ten years (OCC Initial Comments at 21). Furthermore, OCC identifies certain items that should be capped. To the extent that any items have not been identified for a specific adjustment, OCC believes that such costs should be capped at the amount estimated in the application. (*Id.* at 22.)

Ohio Power agrees with Staff's recommendation and indicates that it will not include upfront Financing Costs in excess of 105 percent of the estimated upfront

-30-

Financing Costs set forth in the application (Ohio Power Initial Reply Comments at 2). Furthermore, Ohio Power states that if prior to pricing the PIR Bonds, it determines that the upfront Financing Costs are likely to exceed 105 percent of the estimated upfront Financing Costs, Ohio Power could choose not to proceed with the issuance of the bonds and continue to collect the DARR at 5.34 percent (*Id.*).

The Commission finds that the upfront Financing Costs should not exceed the estimated upfront Financing Costs, delineated in its Supplemental Initial Comments, by more than 5 percent. The Commission believes this cap is sufficient to permit Ohio Power to recover its actual upfront Financing Costs while ensuring measurably enhanced cost savings to consumers from securitization. OCC has recommended that the Commission conduct a line-item review of upfront Financing Costs and cap certain costs at the average cost for such line item. The Commission finds that the upfront and ongoing Financial Costs and the financial advisor fees discussed in this Financing Order, under a single combined issuance, should not exceed five percent of the amounts reflected in the Second Revised Ex. B of Ohio Power's Supplemental Initial Comments of January 4, 2013.

2. Ongoing Financing Costs Should Not Exceed the Estimated Ongoing Financing Costs by More than 5 percent of the Estimated Amounts on a Line-Item Basis

In regards to ongoing Financing Costs, Staff recommends that Ohio Power should seek Commission approval if the ongoing Financing Costs exceed the estimated ongoing Financing Costs by greater than 5 percent of the estimated amount (Staff Initial Comments at 36).

OCC recommends the same mechanism for the ongoing Financing Costs as the upfront Financing Costs; that a cap should be placed on each cost of the individual items of the upfront Financing Costs and that the caps should be established based on the typical or average expenses incurred by other entities for debt securities over the last five to ten years (OCC Initial Comments at 21). OCC identifies certain items that it believes should be capped and argues that any items that it or Staff has not identified for a specific adjustment should be capped at the amount estimated in the application (*Id.* at 22).

Ohio Power disagrees with Staff's recommendation that the company seek Commission approval if the ongoing Financing Costs exceed the estimated ongoing Financing Costs by greater than 5 percent of the estimated ongoing Financing Costs set forth in the application. Furthermore, Ohio Power argues that the Commission should permit the true-up and collection of PIR Charges sufficient to pay all ongoing

-31-

Financing Costs (Ohio Power Supplemental Initial Comments at 2). In response to these concerns, Ohio Power states that it is critical to the "AAA" rating of the PIR Bonds that the ongoing Financing Costs be paid by the SPE, and not by Ohio Power, in order that the rating of the bonds be based on the SPEs stand-alone credit attributes and bankruptcy remote status and not be blended with that of Ohio Power. Additionally, Ohio Power submits that in order to maintain the necessary legal separation, Ohio Power must not retain liability for the SPE's obligations and that all agreements between Ohio Power and the SPE must be at "arms length" (Ohio Power Initial Reply Comments at 4). Further, Ohio Power asserts that it is unreasonable to suggest that the company should simply absorb the ongoing cost increases associated with securitization that occur in the normal course of business. Rather, Ohio Power contends that it has no reason to proceed with securitization if it becomes a net cost to the company. (Id.)

Upon a review of the record on this issue, the Commission recognizes the fact that although approximately 55 percent of the ongoing Financing Costs are fixed over the life of the PIR Bonds, the remaining costs of the SPE (e.g. Trustee fees and expenses, ongoing rating agency fees, and ordinary course expenses such as legal and accounting fees) could increase over the term of the PIR Bonds due to inflation or fee charges (Id. at 3). While recognizing the importance that the rating of the bonds be based on the SPE's stand-alone credit attributes and bankruptcy remote status, and not be blended with that of Ohio Power, the Commission must also ensure that the ongoing expenses not be entirely uncapped and result in the potential that much, if not all, of the savings to customers will be jeopardized. Therefore, the Commission must balance both of these identified interests. In doing so, the Commission notes that, while a significant portion of the ongoing expenses are fixed, some of the ongoing expenses are not fixed and may be negotiated. In order to address the potentiality of an increase to these non-fixed expenses beyond the estimated levels, the Commission concludes that a 5 percent adjustment factor should be adopted. The Commission finds that the ongoing Financing Costs should not exceed the estimated ongoing Financing Costs by more than 5 percent. The Commission finds that, rather than the methodology utilized by Ohio Power in Revised Exhibit B of its Supplemental Initial Comments of January 4, 2013, pursuant to which a 5 percent cap would be applied to the aggregate amount of the ongoing Financing Costs, the 5 percent cap is to be applied on a line-item basis so that the amount for each of the ongoing Financing Costs should not exceed the estimated line-item amount by more than 5 percent.

E. Effective Date of the Issuance Advice Letter

The fifth issue in dispute relates to Ohio Power's stated concern regarding Staff's recommendation that the Issuance Advice Letter should become effective on the

-32-

date of the issuance of the PIR Bonds unless prior to noon on the fifth business day after pricing, the Commission issues an order finding that the proposed issuance of the PIR Bonds does not comply with the requirements of the Financing Order.

Ohio Power asserts that a five-day review period will likely result in a closing on the sixth day after pricing, thereby creating an additional day of exposure to the markets potentially disrupting the closing. In support of its position, Ohio Power asserts that all recent securitization transactions have provided four days for review. In support of its position, Ohio Power proposes to provide Staff with a draft Issuance Advice Letter two weeks prior to the expected date of commencement of marketing the bonds.

Consistent with Section 4928.235(C)(2), Revised Code, following the issuance of the Financing Order and prior to the actual issuance of the PIR Bonds, the Commission continues to maintain the jurisdiction to determine whether market conditions are such that customers will not realize cost savings from the issuance of the PIR Bonds. Upon a review of the record regarding this issue, the Commission finds that Staff's proposal is reasonable and should be adopted. In making this decision, the Commission notes that it must have adequate time to perform its review of the actual terms of the proposed securitization as set forth in the Issuance Advice Letter.

The Commission directs that for each series of PIR Bonds, Ohio Power shall file the attached Issuance Advice Letter no later than two business days following the pricing date for that series of PIR Bonds. The Issuance Advice Letter should become effective on the date of issuance of the PIR Bonds unless within four complete business days following the filing of the Issuance Advice Letter, the Commission issues an order directing that Ohio Power not proceed with the securitization due to the Commission's determination that customers will not realize cost savings from the issuance of the PIR Bonds.

The Commission finds that the more accelerated review period proposed by Ohio Power is not practicable. While Ohio Power has proposed to provide Staff with a draft Issuance Advice Letter, such terms may not be reliable inasmuch as it is only a draft letter that is being prepared prior to the actual marketing of the bonds. In reaching this determination, the Commission points out that the ordered four-day time frame is consistent with that set forth in 12-1465.

F. Format of the Issuance Advice Letter

The sixth disputed issue pertains to the format of the Issuance Advice Letter. In the application, Ohio Power proposed the format for the Issuance Advice Letter (Application, Ex. 1). Staff proposed certain changes to Ohio Power's proposed

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 33 of 78

12-1969-EL-ATS 12-2999-EL-UNC -33-

Issuance Advice Letter (Staff Initial Comments, Ex. 1). Ohio Power proposed a revised Issuance Advice Letter to conform to Staff's recommendations (Ohio Power Reply Comments at 10). Ohio Power's revised Issuance Advice Letter sets forth a calculation of the Phase-In Costs and upfront Financing Costs that can be securitized.

The Commission finds that the Issuance Advice Letter, as revised by Ohio Power and submitted with Ohio Power's Initial Reply Comments, should be adopted. However, Attachment 1, Schedule-B of the Issuance Advice Letter should be revised to include the financial advisor fees in the upfront Financing Costs, consistent with this Financing Order.

G. Procedural Schedule for the True-up Adjustments

The seventh issue in dispute concerns applicable true-up mechanism methodology for the Phase-In Rider. The application proposes a formula-based mechanism for making periodic adjustments, or true-up filings, to the PIR Charges that customers would pay (Application, Ex. J). These true-up filings would be made annually to correct for under-collections or over-collections from the preceding period and ensure that the PIR Charges continue to generate enough funds to pay all scheduled payments of principal and interest, as well as any other amounts, due in connection with the PIR Bonds for the twelve month period following the true-up filing. Furthermore, the servicer of the PIR Bonds must make an interim true-up filing semi-annually in certain situations. Pursuant to the proposal set forth in the application, Ohio Power would file a true-up filing request setting forth the servicer's calculation of the true-up adjustment to the PIR Charges. The Commission would then have 15 days after the date of the true-up filing to confirm the mathematical accuracy of the servicer's adjustment. Any necessary corrections to the true-up adjustment due to mathematical errors would be made in a future true-up adjustment filing. (Ohio Power Supplemental Initial Comments, Revised Ex. E.)

Staff believes that the true-up mechanism proposed in the application is reasonable, except that instead of a 15 day period for the Commission to review and approve the true-up adjustment, a procedural schedule should be set for each true-up adjustment in order for new rates to become effective (Staff Initial Comments at 31).

Ohio Power argues that Staff's recommendation to set a procedural schedule for the true-up filing is unnecessary and that the formulaic mandatory true-up mechanism allowing the SPE to recover all of its Financing Costs is necessary in order for the PIR Bonds to receive a AAA rating (Ohio Power Initial Reply Comments at 8). Ohio Power argues that Section 4928.238(B), Revised Code, contemplates that the Commission's review of a true-up filing is limited to a review of the mathematical

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 34 of 78

12-1969-EL-ATS 12-2999-EL-UNC -34-

calculations (*Id.*). Ohio Power further notes that extending the proposed 15 day period would potentially increase costs to customers and jeopardize the AAA rating of the PIR Bonds (*Id.*).

The Commission finds that Ohio Power should be authorized to make periodic adjustments, or true-up filings, to the PIR Charges that customers would pay. These filings should be made in the "RDR" docket discussed *infra*. The Commission finds that it should have 15 days after the date of the true-up filing to confirm the mathematical accuracy of the servicer's adjustments. However, if the Commission determines that there are necessary corrections to the true-up adjustment due to mathematical errors, the Commission may suspend the true-up filing and extend its review. To the extent that the Commission finds that there are necessary corrections to the true-up adjustments, the Commission may order that the corrections be made to the true-up filing or that the error be remedied in a subsequent true-up filing. The true-up adjustments will automatically be approved 15 days from the date of filing unless suspended by the Commission.

H. Annual Updates to the Phase-In Rider

The eighth issue in dispute concerns whether the updates to the Phase-In Rider should be based on data covering the subsequent six-month or twelve-month period. Staff believes that the Phase-In Rider rate should be based on data covering twelve months in order to avoid the likelihood of an over-collection (Staff Initial Comments at 32, 33). To the extent that a shortfall occurs using the twelve-month based rate, Staff points out that Ohio Power would be able to file for an interim adjustment (*Id.* at 33). Ohio Power initially proposed that the updates should be calculated for both the six-month and twelve-month time frames and that the higher rate be used for update purposes (*Id.* at 32). While Ohio Power is willing to accept Staff's proposal to use twelve months of data, it reserves the right to file an interim true-up adjustment if necessary (Ohio Power Initial Reply Comments at 8). Additionally, Ohio Power points out that the use of twelve-month data will make it more important that any true-up adjustments take effect within 15 days of filing in order to ensure sufficient revenues to make all payments of debt service and other ongoing Financing Costs on a timely basis following the adjustment (*Id.*).

Upon a review the record, regarding this issue, the Commission determines that the use of the twelve-months of data for the purpose of updating the Phase-In Rider is reasonable inasmuch as the securitization is largely fixed in nature. The Commission does not support Ohio Power's proposal to utilize the higher of the estimated six months or 12 months of costs inasmuch as such an approach will increase the likelihood for over-collection. Notwithstanding the adoption of a Phase-

-35-

In Rider premised on twelve months of data, Ohio Power may file for interim true-up adjustment on a semi-annual basis to the extent that it can demonstrate that such a true-up filing is necessary to ensure the expected recovery of amounts sufficient to timely pay the scheduled principal and interest amounts relative to the PIR Bonds.

I. Bill Format

The ninth identified issue pertains to the applications for a proposed change in bill format filed in 12-1969 and 12-2999. Ohio Power first sought approval in 12-1969 for a bill message that would inform customers that the Commission approved recovery of the previously incurred costs and that the SPE maintained the right to impose and collect such charges(Application at 14, 15). Ohio Power then filed an application in 12-2999 seeking approval of a change in bill format that would define the Deferred Asset Phase-In Rider on customer bills. OCC notes in its initial comments to 12-2999 that it is concerned about the clarity and understandability of the language proposed in 12-2999, however, OCC presents no guidance on how to make the language clearer or more understandable (12-2999, OCC Initial Comments at 7, 8).

The Commission finds that PIR Charges should be included in Ohio Power's customer bills, which will incorporate a notation reflecting that the right to impose, charge, and collect PIR Charges is owned by the SPE formed by Ohio Power pursuant to this Financing Order. Therefore, the Commission concludes that Ohio Power is authorized to modify its bill format to include the language proposed in 12-2999. Furthermore, the Commission finds that Ohio Power should be permitted to use similar language in billing inserts or other communications to customers. The Commission also finds that Ohio Power should provide customers with a one time notification regarding the bill-format change. This one-time notification should present a clear and understandable description of the removal of the DARR, the inclusion of the Phase-In Rider, pursuant to this Financing Order.

J. Achieving a Weighted Average Annual Interest Rate Below the Specified Thresholds

The tenth issue in dispute concerns the appropriateness of Staff's recommendation that the Commission condition its approval upon Ohio Power achieving a weighted average annual interest rate below 3.32 percent on a net present value or below 2.32 percent on a nominal value basis⁶ in order that Ohio Power may

At the time that this issue was briefed, 2.32 percent and 3.32 percent were the weighted average interest thresholds identified by Staff. These thresholds were subsequently amended pursuant to Ohio Power's Supplemental Initial Comments. While the threshold interest rate percentages have been revised, the substance of the disputed issue and the corresponding rulings are not affected.

-36-

satisfy the nominal test (Staff Initial Comments at 35). Staff notes that, based on the application, PIR Bonds issued with a weighted average interest rate of 1.28 percent will result in nominal savings to customers of \$11.8 million and a net present value savings of about \$20.4 million when compared to the cost recovery mechanism previously approved by the Commission through the DARR (*Id.* at 20). Based on Exs. A and C to the application, Staff further concludes that if the weighted average annual interest rate of the PIR Bonds reach at or above 3.32 percent on net present value basis, and at or above 2.32 percent on a nominal basis, Ohio Power's customers will not realize any savings from the securitization (*Id.* at 20, 21, 28, 29).

Ohio Power disputes Staff's recommendation that the Commission condition its approval of the Financing Order upon Ohio Power achieving a weighted average annual interest on the PIR Bonds below 2.32 percent (Ohio Power Initial Reply Comments at 9). Rather, Ohio Power explains that the 2.32 percent break-even coupon set forth in Ex. A to the application was based on market conditions at the time that the application was filed and was based on numerous assumptions, such as the expected DARR balance, expected maturity dates of the various tranches, and the estimated upfront Financing Costs, including defeasance costs (Id.). Ohio Power opines that market conditions will likely change before the PIR Bonds are priced and the estimated upfront Financing Costs will change from those estimated in the application (Id.). According to Ohio Power, any change in market conditions and Financing Costs will affect the calculation of the break-even coupon rate (Id. at 9, 10). Rather than establishing a specified interest rate ceiling, Ohio Power believes that it should be allowed to rely on the Issuance Advice Letter process to establish the terms and conditions of the PIR Bonds, to establish that there are customer savings, and to quantify the nominal and present value savings that will be realized through the securitization (Id. at 10).

The Commission certainly recognizes the need for securitization applications filed with the Commission to present a sufficient level of certainty relative to the assertions set forth in the application in order to allow for the Commission to reasonably rely on such information when performing its analysis and issuing its decision. To do otherwise will result in the Commission rendering its decisions based on hypotheses, rather than actual facts.

Nonetheless, the Commission recognizes that there are unique factors for which specific requisite criteria cannot be known with certainty and can only be speculated about at the present time. The actual level of a future interest rate, including the weighted average interest rate of PIR Bonds, is one of the factors that cannot be known until the bonds have actually been marketed. The Commission notes that Ohio Power, through its Supplemental Initial Comments, now estimates that the weighted average

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 37 of 78

12-1969-EL-ATS 12-2999-EL-UNC -37-

interest cost of the PIR Bonds will be 1.07 percent and that consumers will benefit so long as the expected weighted average interest rate of the PIR Bonds does not exceed 4.3 percent on a net present value basis or exceed 3.3 percent on a nominal basis. [Ohio Power Supplemental Initial Comments, Revised Ex. A (including Commission Advisor Fees)].

The Commission must consider the reasonableness of certain assumptions and then proceed with performing its analysis pursuant to Section 4928.232(D)(2), Revised Code. While the Commission finds Ohio Power's assumptions to be reasonable, the Commission recognizes that the applicable interest rates cannot be known with certainty at this time since they will be based on the then current interest rates and market conditions. Therefore, the Commission denies Staff's recommendation that approval be conditioned on Ohio Power achieving a weighted average annual interest rate below 3.32 percent on a net present value or below 2.32 percent on a nominal value basis. To the extent that the actual interest rates are higher than anticipated, the Commission will consider this factor as part of its review of the terms of the Issuance Advice Letter in accordance with Section 4928.235(C)(2), Revised Code.

K. Third-Party Servicing

The next issue in dispute pertains to the issue of third-party servicing of the PIR Bonds and the corresponding higher servicing fee under such a scenario. The application indicates that Ohio Power will service the PIR Bonds but, if Ohio Power can no longer service the PIR Bonds and no EDU successor is willing or able to assume servicing duties, a non-utility servicer may be substituted. (Application at 27, 28.)

OCC argues that Ohio Power should be the servicer of the PIR Bonds and that if a third-party servicer needs to be used, the third-party servicer and the associated fees should be approved in advance by the Commission (OCC Initial Comments at 19). Ohio Power agrees that it should be the initial servicer of the PIR Bonds and notes that the likelihood of needing a successive servicer is minimal (Ohio Power Initial Comments at 13, 14). Ohio Power also argues that the Financing Order must contemplate the possibility of a replacement servicer, unaffiliated with the utility, and authorize the collection of a higher servicing fee for such an entity (Ohio Power Supplemental Initial Comments at 2). Furthermore, Ohio Power indicates that rating agencies may insist on transaction documents providing for the possibility of a successive servicer of the PIR Bonds and that there would likely be a higher fee charged by a replacement servicer (*Id.*).

The Commission finds that Ohio Power should be the initial servicer (including billing obligations) of the PIR Bonds and that Ohio Power be authorized to receive an

-38-

annual servicing fee, which will be recovered through the PIR Charges as a Financing Cost. Ohio Power shall be prohibited from resigning as servicer unless it is no longer permissible under applicable law for Ohio Power to continue in that capacity. Based upon both estimated costs of performing the servicing function and market precedent for such fees, the Commission determines that the annual servicing fee to be paid to Ohio Power should be 0.10 percent of the initial principal amounts of the PIR Bonds issued by the SPE. If Ohio Power can no longer service the PIR Bonds and an EDU successor is willing or able to assume servicing duties, then the EDU successor shall assume Ohio Power's annual servicing fee of 0.10 percent of the initial principal amounts of the PIR Bonds issued by the SPE. If Ohio Power can no longer service the PIR Bonds and there is not an EDU successor that is willing or able to assume servicing duties, then a non-utility successor servicer may be engaged to service the bonds and be given an annual servicing fee not to exceed 0.75 percent of the assumed principal amount of the PIR Bonds.

L. Third-Party Billing

Finally, the Commission addresses the disputed issue related to third-party billing. In its application, Ohio Power requests that the Financing Order include a section that provides as follows:

- (i) Regardless of who is responsible for billing, the customers of that EDU shall continue to be responsible for PIR Charges;
- (ii) If a third party meters and bills for PIR Charges, the EDU (as servicer) must have access to information on billing and usage by customers to provide for proper reporting to the SPE and to perform its obligations as servicer;
- (iii) In the case of a default by a third party, billing responsibilities must be promptly transferred to another party to minimize potential losses;
- (iv) The failure of customers to pay PIR Charges shall allow service termination by the EDU on behalf of the SPE of the customers failing to pay PIR Charges in accordance with

-39-

- Commission-approved service termination rules and orders; and
- (v) PIR Charges will be collected in a manner that will not adversely affect the rating of the PIR Bonds.

(Application at 23, 24.)

Staff asserts that competitive third-party billing collection is not currently permitted by the Commission rules (Staff Initial Comments at 27). If the Commission, in the future, establishes rules relating to competitive third-party billing/collection, Staff submits that Ohio Power should be allowed to implement third-party billing provided that such features do not result in additional burden on Ohio Power's customers on a going forward basis. Additionally, Staff states that the third-party billing/collection costs should not be included as part of the recoverable ongoing costs as contemplated by the application and the Act, or as part of any other rates and charges. (Staff Initial Comments at 36.) Ohio Power agrees with Staff's recommendation that, if any third-party billing/collection is performed in the future, no additional costs from such billing/collection should be imposed on customers (Ohio Power Initial Reply Comments at 11).

Upon review of the arguments set forth regarding this issue, the Commission recognizes the potential of third-party billing of PIR Charges in the future to the extent that it establishes rules relative to competitive third-party billing/collection. Specifically, the Commission determines that Ohio Power should be allowed to implement such features in the future subject to the terms and conditions for competitive third-party billing set forth by the Commission at that time. Notwithstanding this determination, the Commission is sensitive to Ohio Power's need for further clarification as to the issue of future third-party billing due to the fact that the matter represents a risk to investors, is considered by rating agencies in determining the appropriate rating for the PIR Bonds, and affects the ultimate interest borne by the PIR Bonds and incorporated into the PIR Charges.

In regard to the specific issues identified by Ohio Power regarding third-party billing, the Commission finds that, if, in the future it establishes rules relating to competitive, third-party billing/collection, the Commission will take the necessary steps to ensure nonbypassability so that regardless of who is responsible for billing, the customers of that EDU shall continue to be responsible for PIR Charges. The Commission will also ensure that the PIR Charges will be collected in a manner that will not adversely affect the rating of the PIR Bonds.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 40 of 78

12-1969-EL-ATS 12-2999-EL-UNC -40-

Additionally, to the extent that the Commission adopts rules relating to competitive, third-party billing/collection, the Commission will take the necessary steps to ensure that in the case of a default by a third-party biller, billing responsibilities must be promptly transferred to another billing party to minimize potential losses. Further, if the Commission adopts rules relating to competitive, third-party billing/collection, to the extent that a third-party meters and bills for PIR Charges, Ohio Power must have access to information on billing and usage by customers in order to provide the proper reporting to the SPE and to perform its obligations as servicer. The failure of customers to pay PIR Charges shall allow service termination by Ohio Power on behalf of the SPE of customers failing to pay PIR Charges, in accordance with the Commission's then approved service termination rules and orders.

Finally, the Commission recognizes that billing/collection is a servicing responsibility. As a result, if the Commission subsequently permits third-party billing/collection, the costs associated with third-party billing/collection should be recouped by the approved servicing fee. If Ohio Power or a successor servicer engages a third-party for the purpose of third-party billing/collection, such arrangement will have no effect on the servicing fee due to the servicer. Additionally, as noted *supra*, Ohio Power agrees with Staff's recommendation that, if any third-party billing/collection is performed in the future, no additional costs from such billing/collection should be imposed on customers (Ohio Power Initial Reply Comments at 11). Therefore, the Commission finds that to the extent that there are additional fees related to third-party billing/collection, over and above what would be covered by the servicing fee, those additional costs should not be imposed on customers.

VI. TERMS AND CONDITIONS7

Pursuant to Section 4928.232(E)(1)-(7), Revised Code, the Commission must include the following components in a Financing Order:

- (1) A determination of the maximum amount and a description of the Phase-In Costs that may be recovered through PIR Bonds issued under the Financing Order;
- (2) A description of PIR Property, the creation of which is authorized by the Financing Order;

These Terms and Conditions should be read in conjunction with the determinations and directives set forth in this Financing Order.

-41-

- (3) A description of the Financing Costs that may be recovered through PIR Charges and the period over which those costs may be recovered;
- (4) For Phase-In-Recovery Charges not subject to allocation according to an existing order, a description of the methodology and calculation for allocating PIR Charges among customer classes, including the allocation of such charges, if any, to governmental aggregation customers based upon the proportionate benefit determination made under division (I) of Section 4928.20, Revised Code;
- (5) A description of the adjustment mechanism for use in the imposition, charging, and collection of the PIR Charges;
- (6) The maximum term of the PIR Bonds; and
- (7) Any other provisions the Commission considers appropriate to ensure the full and timely imposition, charging, collection, and adjustment, pursuant to an approved adjustment mechanism, of the PIR Charges described in divisions (E)(3) to (5) of this section.

Further, the Commission recognizes that in order for investors to be willing to accept a relatively lower interest rate for the PIR Bonds, the bonds must have relatively low associated credit risk. In order to accomplish this objective and satisfy specific statutory requirements, there are a number of expressed regulatory authorizations that are incorporated in the Financing Order, including those related to (a) irrevocability; (b) state pledge; (c) true sale; (d) successor utility; (e) security interest; (f) bankruptcy of the electric distribution utility; (g) non-bypassability; and (i) validity of the Financing Order; and (j) treatment of PIR Charges.

Subject to the determinations set forth above, the Commission finds that the proposed securitization transactions are consistent with Section 4928.02, Revised Code, and result in, consistent with market conditions, both measurably enhancing cost savings to customers and mitigating rate impacts to customers as compared with traditional financing mechanisms or traditional cost-recovery methods available to EDUs or compared with previously approved recovery methods. In support of these determinations, the Commission finds that a review of the application reflects that the proposed securitization will result in a reduction in the reimbursement period for the deferred expenses and at the same time reduce the applicable interest rate, eventually resulting in a cost savings of approximately \$21.9 million on a nominal basis and

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 42 of 78

12-1969-EL-ATS 12-2999-EL-UNC -42-

\$28.8 million on a net-present value basis. (Ohio Power Supplemental Comments, Revised Ex. A).

Additionally, the Commission relies upon Ohio Power's representation that, pursuant to the proposed Phase-In Rider based on 7.19111 percent of the customer's base distribution charges, it is expected that Ohio Power residential customers in the Ohio Power Rate Zone utilizing 750 kWh/month will experience a average monthly savings of \$0.28 and that Ohio Power customers in the Columbus Southern Power Rate Zone will experience an average monthly savings of \$0.35 (*Id.*, Revised Exs. F, G).

Specifically, in accordance with the application, and together with the determinations set forth in this Financing Order *supra*, the Commission authorizes the following:

A. Formation of the SPE and Creation and Transfer of PIR Property

- (1) Ohio Power is authorized to form a separate, wholly-owned limited liability company as a SPE for the purposes of effectuating the respective securitization transaction described in the application. The SPE is expected to be organized in Delaware. Upon formation of the SPE, Ohio Power is then authorized to transfer, sell, or assign its PIR Property to such entity. The SPE will be an "Assignee" of PIR Property as defined in Section 4928.23(B), Revised Code, and as provided for in Section 4928.234(A), Revised Code.
- (2) Consistent with the representations set forth in the application, the SPE will be a bankruptcy remote, special purpose limited liability company, in that its activities generally will be limited to (i) purchasing, owning, administering and servicing the PIR Property transferred, sold or assigned to it, (ii) issuing and, if applicable, registering the PIR Bonds, (iii) making payments on the PIR Bonds, (iv) managing, selling, assigning, pledging, collecting amounts due on, and otherwise dealing with the PIR Property and (v) granting a statutory first priority security interest in the PIR Property to secure such PIR Bonds.
- (3) The LLC Agreement for the SPE should reflect that it is not permitted to engage in any activity not related to its

-43-

restricted purposes and should contain provisions regarding separateness, independent mangers and restrictions on commencing bankruptcy and insolvency proceedings.

- (4) Ohio Power will capitalize its SPE in an amount anticipated to be 0.50 percent of its initial principal balance of the PIR Bonds, as may be adjusted at the time of issuance based on rating agency requirements. This contribution shall be financed with cash from working capital. Such amount shall be held in a capital subaccount of the collection account and will be pledged to secure the PIR Bonds.
- (5) The amount in the capital subaccount shall also be available to pay principal and interest on the PIR Bonds, together with other ongoing Financing Costs, which may vary from estimates due to unexpected shortfalls in collection or increases in such Financing Costs, provided that such increases do not exceed five percent of the amounts identified in the application, (as revised) as discussed *supra*. If such withdrawals were to occur, additional PIR Charges may be assessed consistent with the adjustment mechanism discussed in this Financing Order to replenish the withdrawals from the capital subaccount, provided that such increases are consistent with the parameters set forth in this Financing Order.
- (6) Each year on the anniversary date of the issuance of the PIR Bonds, Ohio Power should file a report reflecting the balance and activity in the capital subaccount. The filings should be made in a new "RDR" docket to be opened at the time of the first annual filing.
- (7) Upon the full payment of the PIR Bonds, the SPE will return to Ohio Power all amounts remaining in the Collection Account. Any excess or deficit of such amounts as compared to the amount of capital contributed Ohio Power should be reported by Ohio Power in the aforementioned "RDR" docket.
- (8) Ohio Power will be authorized to receive a return on its respective SPE's capitalization amount as an ongoing

-44-

financing cost based on its average long-term debt rate without reduction for accumulated deferred income taxes.

- (9) The SPE will have no employees and will engage with other parties to undertake the activities necessary to issue the PIR Bonds and perform other functions in connection with each issuance. It will be managed by five managers, at least two of which will be independent managers, in each case appointed by Ohio Power.
- (10) Upon the sale of the PIR Property by Ohio Power to its SPE subsidiary, there will arise and constitute an existing present property right and interest in such PIR Property, which shall continue to exist until the PIR Bonds and all applicable Financing Costs are paid in full. Consistent with Section 4928.232(G), Revised Code, the creation of Ohio Power's PIR Property is confirmed and shall be simultaneous with the sale of that property to its SPE and the grant of a security interest therein, among other assets and property of such SPE to secure the payment of such SPE's PIR Bonds.
- (11) Consistent with Section 4928.2312, Revised Code, a valid and binding security interest in the PIR Property, among other SPE assets and property, will be created, perfected and enforced to secure the repayment of the principal of and interest on the PIR Bonds, amounts payable under any ancillary agreement, and other Financing Costs. Such security interest is to be a continuously perfected security interest of the bondholder with priority over any other lien that may subsequently attach to the PIR Property unless the holder of such lien otherwise agrees in writing.
- (12) All PIR Property shall continue to exist regardless of whether the PIR Charges have been billed, have accrued, or have been collected, and notwithstanding any requirement that the value or amount of the property is dependent on the future provision of service to customers by the EDU. Further, all such PIR Property shall continue to exist until the PIR Bonds are paid in full and all Financing Costs relating to the bonds have been paid in full.

-45-

- (13) The SPE will acquire the PIR Property from Ohio Power with the proceeds from the PIR Bonds, the repayment of which will be secured by a first priority pledge and security interest in all right, title, and interest of the SPE in (i) the PIR Property, (ii) the transaction documents, (iii) the collection account and all subaccounts established in the bond indentures under which the PIR Bonds will be issued; (iv) the cash used to capitalize the SPE; (v) all other property owned by the SPE (with limited exceptions as may be appropriate); and (vi) all proceeds of each of the foregoing.
- (14) Consistent with Section 4928.2313, Revised Code, any sale of the PIR Property under this Financing Order shall be a true sale of, and not a pledge of or secured transaction relating to, the sellers right, title and interest in, to, and under the PIR Property. This characterization of the sale as a true sale shall be effective and perfected against all third parties and shall not be affected or impaired by the occurrences set forth in Section 4928.2313(B), Revised Code.

B. PIR Bonds

- (1) Ohio Power, through its SPE, is authorized to issue in one or more series and in one or more classes/tranches PIR Bonds in an amount up to \$298,018,000 in the aggregate. The actual amount of issuance cannot exceed the DARR deferral balance amount (the components of which are discussed *supra*) at time of issuance and the following upfront Financing Costs:
 - (a) Legal fees,
 - (b) Underwriter Fees,
 - (c) Rating Agency Fees,
 - (d) Company Advisor Fees,
 - (e) SEC Registration Fee,
 - (f) Miscellaneous Administration Costs,

-46-

- (g) Accountant Fees,
- (h) Trustee's/Trustee Counsel's Fees,
- (i) Financial Advisor Fees, and
- (j) Printing/Edgarizing
- (2) Ohio Power shall have flexibility in establishing the terms and conditions for the PIR Bonds to accommodate changes in market conditions, including repayment schedules, interest rates, Financing Costs, collateral requirements, required debt service, and other reserves provided such changes are performed consistent with the Financing Order.
- (3) The actual amount of the PIR Bonds, as well as the actual interest rates and the estimated upfront Financing Costs will be updated and provided to the Commission through the filing of an Issuance Advice Letter (discussed *infra*). Ohio Power may securitize all estimated upfront Financing Costs identified in the Issuance Advice Letter so long as the calculations shown therein continue to reflect that the recovery of such upfront Financing Costs through securitization will result in a reduction of costs to ratepayers on a nominal and net present value basis as compared to the DARR recovery method.
- (4) Upon the issuance of the PIR Bonds, Ohio Power shall reduce the DARR deferral balance by the DARR balance amount at the time of the issuance of the PIR Bonds to reflect the recovery of the related Phase-In Costs through securitization. Ohio Power will make a final reconciliation filing in 11-352 to address the remaining deferral balance of the DARR.
- (5) The scheduled final payment date of any tranche will be no later than 6.71 years from the from the date of issuance, and the legal final maturity date will not be more than one year following the scheduled final payment date. The scheduled final payment date and the legal final maturity date of each tranche and the amounts in each tranche will be finally determined by Ohio Power, consistent with

-47-

market conditions and indications of the rating agencies, at the time the PIR Bonds are priced, and reported to the Commission in the Issuance Advice Letter, discussed *infra*.

- (6) The PIR Bonds will be issued pursuant to an indenture and the collateral thereunder will be held and administered by an Indenture Trustee, who shall be identified at the time of the filing of the Issuance Advice Letter. The collateral will be pledged to the Indenture Trustee for the benefit of the holders of the PIR Bonds to secure payment of the PIR Bonds and the related ongoing Financing Costs. indenture will describe the particular terms of the PIR Bonds, including the principal amount, interest rate, payment dates, issuance date, collateral, authorized denominations, principal repayment schedule, and other material terms of the PIR Bonds. Pursuant to the indenture, the SPE will establish one or more segregated trust accounts (Collection Account, discussed supra), which will include one or more subaccounts into which all PIR Charge remittances shall be deposited. The subaccounts will include the capital subaccount referenced supra.
- (7) If the actual upfront Financing Costs are less than the estimated upfront Financing Costs included in the principal amount securitized, such funds will be deposited into the Collection Account to be available for payment of debt service on the PIR Bonds with the result that the periodic billing requirement following such deposit would be reduced to take into account the availability of such unused funds (together with interest earned thereon through investments by the Indenture Trustee on eligible investments).
- (8) The SPE's PIR Bonds will be non-recourse to Ohio Power and its assets provided; however, Ohio Power could be liable to holders of PIR Bonds in the event that it breached representations, warranties, or covenants made by it in connection with its Sales Agreement, or Service Agreement, or otherwise to such holders in connection with securitization.

-48-

- (9) The PIR Bonds may be issued and sold through either (i) registered public offering under the Securities Act, or (ii) an unregistered offering exempt from the registration pursuant to Section 4 (2) of the Securities Act (A) with subsequent resales to institutional purchasers and/or purchases outside the United States pursuant to Rule 144A and Regulation S, respectively, under the Securities Act or (B) as a negotiated private placement.
- (10) The PIR Bonds should receive a AAA (or equivalent) credit rating from applicable rating agencies.
- (11) Ohio Power shall have flexibility in establishing the terms and conditions for the PIR Bonds to accommodate changes in market conditions, including repayment schedules, interest rates, Financing Costs, collateral requirements, required debt service, and other reserves provided such changes are performed consistent with this Financing Order. Ohio Power, at its option, will also have the ability to affect a series of issuances of PIR Bonds and correlated assignments, sales, pledges, or other transfers of PIR Property within the parameters set forth in the application and this Financing Order.
- (12) Notwithstanding the preceding provision, the PIR Bonds shall only be issued with fixed interest rates to ensure that the securitization results in both measurably enhancing cost savings and mitigating rate impacts to customers consistent with Section 4928.232, Revised Code. Additionally, the recovery period for the PIR Charges will not exceed the overall recovery period authorized under the existing riders.
- (13) In the case of a registered public offering: (i) material agreements will generally be filed as exhibits to a registration statement filed with the SEC and (ii) the material terms of each agreement will also be summarized in the related prospectus included in any such registration statement and used in the offer and sale of the PIR Bonds. In the case of an unregistered offering, the material terms of each agreement will typically be summarized in an offering memorandum (or private placement

-49-

memorandum) used in connection with the marketing of the securities, and are generally made available to current or prospective security holders.

- (14) In order to accomplish securitization, Ohio Power is authorized to enter into the necessary agreements with its respective SPE subsidiary. Ohio Power must file copies of the agreements with its SPE in this docket.
- (15) Consistent with Section 4928.2313, Revised Code, Ohio Power is authorized to enter into Sales Agreements with its respective SPE. Each Sales Agreement shall provide the terms and conditions of the absolute transfer and true sale of Ohio Power's right, title and interest in, to, and under its PIR Property to its SPE.
- (16) Ohio Power is authorized to enter into Administrative Agreements with its respective SPE for administrative functions including services related to the preparation of financial statements, required filings with the SEC (if any), any tax return required to be filed under applicable law, qualification to do business and minutes of managers' meetings. Ohio Power (or any successor administrator thereof) will receive a periodic administration fee, expected to be \$50,000 annually, for performing these services, which, together with costs and expenses incurred by the administrator, will be recovered through PIR Charges, as Financing Costs.
- (17)Ohio Power is authorized to enter into a Servicing Agreement with its SPE as the initial servicer detailing the services it will provide to its SPE with respect to calculating, billing and collecting the PIR Charges. The Servicing Agreement shall prohibit Ohio Power from resigning as servicer unless it is no longer permissible under applicable law for Ohio Power to continue in that capacity. The servicer will be responsible for, among other things: (i) imposing and collecting PIR Charges, (ii) posting of collections, (iii) responding to inquiries by customers, competitive retail electric suppliers (if any), the others regarding PIR Commission or Charges, (iv) calculating historical electricity usage and customer

-50-

payment information (e.g., uncollectibles, typical lags between billing and collection charges), (v) projecting future electricity usage and customer payment information, (vi) accounting for collections, (vii) furnishing periodic certifications, reports and statements, (vii) making certain filings as necessary to perfect the trustee's lien on the PIR Property, and (viii) taking all necessary action in connection with adjustments.

- (18)Ohio Power is authorized to receive a periodic servicing fee, which will be recovered through PIR Charges as a Financing Cost. Based upon both estimated costs of performing the servicing function and market precedent for such fees, the annual servicing fee to be paid to Ohio Power shall be 0.10 percent of the initial principal amounts of the PIR Bonds issued by the SPE. In the event that it is no longer permissible under applicable law for Ohio Power to continue as servicer, if there is an EDU successor servicer willing or able to perform such servicing functions, that EDU successor servicer shall become the servicer and be entitled to the servicing fee of 0.10 percent of the initial principal amounts of the PIR Bonds issued by the SPE. If the Commission provides for third-party billing, Ohio Power, or an EDU successor servicer, shall continue to perform the servicing functions and may utilize a third-party biller, but the servicing fee shall remain 0.10 percent of the initial principal amounts of the PIR Bonds issued by the SPE and shall be paid to the servicer.
- (19) In the event that it is no longer permissible under applicable law for Ohio Power to continue as servicer and there is no EDU successor willing or able to perform such servicing functions, a non-utility servicer shall be engaged and given the incremental costs to perform the servicing function and shall be entitled to an increased annual servicing fee to preserve the PIR Bond ratings. However, the annual servicing fee for such non-utility successor shall not exceed 0.75 percent of the initial principal amount of the PIR Bonds. This fee shall be recovered through the PIR Charges as a Financing Cost.

-51-

- (20) Any successor servicer shall be bound by the requirements of Sections 4928.23 to 4928.2318, Revised Code.
- (21)If, and to the extent that, the Commission subsequently allows third parties to bill and/or collect any PIR Charges, the Commission and the servicer will take steps to ensure nonbypassability and minimize the likelihood of default by third-party billers, which generally would include (i) operational standards and minimum requirements for any such third party biller/collector, or require a cash deposit, letter of credit or other credit mitigant in lieu thereof, (ii) a finding that, regardless of who is responsible for billing, customers shall continue to be responsible for PIR Charges, (iii) if a third party meters and bills for the PIR Charges, the servicer must have access to information on billing and usage by customers to provide for proper reporting to the SPE and to perform its obligations as servicer, (iv) in the case of a third party default, billing responsibilities must be promptly transferred to another party to minimize potential losses; and (v) the failure of customers to pay PIR Charges shall allow service termination by Ohio Power, or the successor servicer, on behalf of the SPE of the customers failing to pay PIR Charges in accordance with Commissionapproved service termination rules and orders. Any costs associated with such third-party billing and/or collection shall be included, consistent with this Order, as part of the recoverable, ongoing Phase-In Costs or any other rates or charges, as appropriate. Further, the Commission shall not permit implementation of any third-party billing/collection that would result in a downgrade of the PIR Bonds and the servicer shall not engage in third-party billing/collection if it would result in a downgrade of the PIR Bonds.
- (22) The PIR Bonds will not be included in the regulatory capital structure of Ohio Power going forward. The PIR Bonds shall be recorded in accordance with GAAP as long-term debt on the balance sheet of Ohio Power's SPE to which the PIR Property is sold in connection with the securitization for financial reporting purposes. The SPE's PIR Bonds will also appear on the consolidated balance

-52-

sheet of Ohio Power, as the parent company, in its GAAP financial statements.

(23) Ohio Power will retain sole discretion regarding whether or when to assign, sell, or otherwise transfer any rights concerning the PIR Property arising under this Financing Order, or to cause the issuance of any PIR Bonds authorized pursuant to this Financing Order. If Ohio Power elects not to finance the Phase-In Costs through the issuance of PIR Bonds as authorized in this Financing Order, such Phase-In Costs shall be recovered as authorized prior to Ohio Power's application for issuance of this Financing Order.

C. <u>PIR Charges</u>

- (1) PIR Charges together with the adjustment mechanism will provide full and timely recovery of all costs (i.e., Phase-In Costs and Financing Costs) associated with the issuance or use of proceeds from the PIR Bonds approved in this proceeding pursuant to the Financing Order.
- (2) Consistent with Section 4928.239(B)(1), Revised Code, all of Ohio Power's customers will be responsible for the repayment of PIR Bonds and Financing Costs through the imposition of separate, nonbypassable PIR Charges.
- (3) The methodology for allocating the amount to be collected under the PIR Charges among customer classes will be the same as the methodology used to allocate the DARR. Specifically, for each upcoming payment period, Ohio Power will estimate, consistent with the rulings set forth in this Financing Order, the revenue requirement needed to be billed to assure that PIR Revenues will be sufficient to pay, on a timely basis, all principal and interest on the PIR Bonds together with other Financing Costs during such period, and will divide such amount by the projected base distribution revenues for the same period. The resulting percentage will then be multiplied by the base distribution charges otherwise charged to each class of customers in order to generate the amount of PIR Charges to be billed with the result that each rate schedule will be paying

-53-

- approximately the same proportion of the total PIR Charges as it otherwise would for the DARR under the existing recovery methodology.
- (4) Consistent with Section 4928.238(B), Revised Code, there may be an allocation of proportionate charges to government aggregation customers.
- (5) The actual PIR Charge that will be billed during a given period will be calculated in advance in an amount so that the PIR Charge collections will be sufficient to meet the sum of all principal and interest on the PIR Bonds and other Financing Costs due and payable for that period, given: (i) forecast usage data for the period, (ii) forecasted uncollectibles for the period, and (iii) forecast lags in collection of billed PIR Charges.
- (6) PIR Charges will be included on the customer bills which will incorporate a notation reflecting that the right to impose, charge, and collect PIR Charges is owned by the SPE. Ohio Power is authorized to modify its bill format to include the language proposed in 12-2999. Similar language may be included in billing inserts or other communications to customers. Ohio Power must provide customers with a one-time notification regarding the change to allow for the inclusion of the Phase-In Rider as part of the charges recovered on the bill.
- (7) If a customer of Ohio Power purchases electric generation service from a competitive retail electric service provider, Ohio Power shall collect the PIR Charges directly from that customer. If a customer of Ohio Power subsequently receives retail electric distribution service from another EDU operating in the same service area, including by succession, assignment, transfer, or merger, the PIR Charges shall continue to apply to the customer.
- (8) Ohio Power is authorized to estimate the amount of revenue otherwise collected from each rate schedule under the DARR. These estimated revenues, by rate schedule, will then be used to determine allocation ratios representing the proportion of the total revenue collected

-54-

from the rate schedule under the DARR on a monthly basis. These allocation ratios will then be applied to the estimated amounts to be recovered under the PIR Charges in order that in essence, each rate schedule will be paying approximately the same proportion of the PIR Charges as they are currently paying for the DARR under the existing recovery methodology. This same methodology should be utilized for governmental aggregation customers.

In the event that, for any reason, any PIR Charges cannot be allocated to a given customer class, such charges shall be allocated to the remaining customer classes, using the same ratable allocation to the customer classes excluding the customer classes where allocation is not feasible.

- (9) The SPE shall, pursuant to its indenture or organizational documents, have a priority of payments that shall establish how collection of PIR Charges and any other amounts are applied to pay principal, interest on, and other Financing Costs related to PIR Bonds. The right to impose, charge and collect PIR Charges, although owned by the applicable SPE, will be considered Ohio Power charges for the purpose of priority of customer payments and termination/reconnection of service. These charges will be considered Ohio Power charges and will be accorded similar treatment as Ohio Power's charges under applicable statutes, the Commission's rules, and tariffs of the respective tariffs.
- (10) The determination of PIR Charges for Ohio Power will take into account (a) the timing and amounts of principal, interest, and other ongoing financial costs related to the PIR Bonds, (b) the expected monthly electricity consumption by customers of Ohio Power, (c) the expected delays between the billing and collection of the PIR Charges, and (d) the expected uncollectibles related to PIR Charges.
- (11) If any customer does not pay the full amount of any bill to Ohio Power, the shortfall in such collections shall be allocated as between PIR Charges and other charges pro-rata based upon the amounts billed with respect to

-55-

- each item; provided that late fees and charges may be allocated to the servicer to the extent provided in the tariff.
- (12) To ensure the full and timely collection of PIR Charges, including minimizing the likelihood that customer defaults in the payment of PIR Charges result in additional charges being borne by other nondefaulting customers, Ohio Power may terminate any customer who defaults payment of the PIR Charges. This disconnection shall occur in accordance with applicable statutes, Commission rules and orders, and Ohio Power's rules, tariffs, and practices applicable to other charges owed directly to Ohio Power.
- (13) Ohio Power represents that its current estimate of upfront Financing Costs are approximately \$6.5 million, including the financial advisor fee of approximately \$1.5 million. Through the filing of its Issuance Advice Letter, Ohio Power is required to provide the Commission with its actual upfront Financing Costs. The upfront and ongoing Financing Costs for the issuance of the PIR Bonds, under the single combined issuance should not exceed the estimated amounts, including the financial advisor expenses discussed *supra*, by greater than 5 percent. The estimated amounts are reflected on the second Revised Exhibit B attached to Ohio Power's Supplemental Initial Comments filed on January 4, 2013, including the financial advisor expenses.
- (14) In the context of this proceeding, consistent with Section 4928.23(K), Revised Code, PIR Property is comprised of the property, rights, and interests of the EDU, under a Final Financing Order, including the rights to impose, charge and collect the PIR Charges that shall be used to pay and secure the payment of PIR Bonds and Financing Costs, and including the right to obtain adjustments to charges, and any revenues, receipts, collections, rights to payment, payments, moneys, claims, or other proceeds arising from the rights and interests created under the Final Financing Order.
- (15) Ohio Power is authorized to create its respective PIR Property.

-56-

(16) Ohio Power is authorized to recover its upfront and ongoing Financing Costs through the PIR Charges. The right to recover Financing Costs constitutes PIR Property consistent with Section 4928.23(K), Revised Code.

The authorized estimated upfront Financing Costs include, without limitation, the estimated costs associated with the counsel fees, structural advisory fees, underwriting fees, rating agency fees, independent auditors' fees, and filing and printing expenses. The estimated ongoing Financing Costs include servicing fees, other administrative fees, the cost of any reserves or other credit enhancement (if required) for the PIR Bonds, the periodic costs for servicing the PIR Bonds and the PIR Charges, and other administrative costs, return on capital account and applicable taxes and, if the PIR Bonds are issued in a registered public offering, ongoing SEC compliance costs.

- Ohio Power proposes tariff sheets reflecting PIR Charges (17)that are expected to approximate the final tariff charges based upon currently available information related to the terms of the proposed issuance of the PIR Bonds. These tariff sheets are approved in form only. Consistent with Section 4928.322(H), Revised Code, Ohio Power is directed to file updated tariff sheets to reflect the final initial PIR Charges based upon actual costs and any other revised assumptions. The updated tariffs sheets should be filed at the time of the filing of the Issuance Advice Letter. The actual costs to be utilized must be consistent with the criteria discussed in this Financing Order. The final initial PIR Charges to be included in the final initial tariff sheets are to reflect the terms and conditions of the Final Financing Order including all Phase-In Costs and Financing Costs. Unless suspended by the Commission, these updated tariff sheets shall be considered approved and effective upon the issuance of the PIR Bonds.
- (18) The existing riders will be reduced to zero on the effective date of the Final Initial Tariff Sheets subject to final reconciliation of the remaining deferral balances, if any, which will be maintained on Ohio Power's books subject to carrying charges until the full cost recovery occurs. Any

-57-

final reconciliation that reduces deferral balances below zero shall similarly produce a customer credit and will not affect the PIR Charges, which are irrevocable. The existing riders shall cease to exist upon the issuance of the PIR Bonds and approval of the corresponding tariff sheets.

D. Adjustment Mechanism

- (1) Consistent with the methodology set forth in Revised Ex. E of Ohio Power's January 4, 2013, Supplemental Initial Comments, as modified by this Financing Order, Ohio Power is authorized to make periodic adjustments to the PIR Charges to be paid by its customers pursuant to this Order.
- True-up filings will be made annually to correct for any (2)undercollection or overcollection during the preceding period to ensure that PIR Charges continue to generate amounts sufficient to timely pay all scheduled payments of principal and interest and any other amounts due in connection with PIR Bonds for the 12-month period following the true-up adjustment. The initial update to Ohio Power's Phase-In Rider will be within 45 days of the first anniversary of the issuance date of the PIR Bonds. Subsequently, Ohio Power's Phase-In Rider shall be updated semiannually (quarterly after the last maturity date of any PIR Bond) if: (a) the servicer forecasts that PIR Revenues will be insufficient to make all scheduled payments of principal, interest, and other ongoing Financing Costs on a timely basis during the current or next succeeding payment period; provided that in the case of any quarterly true-up adjustment following the last scheduled maturity date of any PIR Bonds, the true-up adjustment will be calculated to ensure that the PIR Charges are sufficient to pay such PIR Bonds in full on the next succeeding payment date; and/or (b) such adjustments are needed to replenish any draws upon the capital subaccount.
- (3) Interim true-up adjustments shall not occur more frequently than every six months if semi-annual PIR Bond payments are required or every three months if quarterly

-58-

PIR Bond payments are required unless the servicer determines that such true-up filing is necessary to ensure the expected recovery of amounts sufficient to pay scheduled principal and interest on the PIR Bonds and other ongoing Financing Costs on a timely basis.

- (4) Each true-up adjustment will take into account and be designed to eliminate cumulative historical, and any projected differences between the scheduled periodic payment for the given period and the amount of the PIR Charges remitted to the indenture trustee. The interim true-up adjustments will be calculated consistent with the methodology set forth in Ex. E of the application, as amended by this Financing Order. There will be no limit on the amount of the PIR Charges that may be imposed as a result of a true-up adjustment
- (5) Consistent with Section 4928.238, Revised Code, the Commission's review of this request shall be limited to a determination of whether there is any mathematical error in the application of the adjustment mechanism to the PIR Charges.
- (6) True-up filings shall be made no later than 15 days prior to the proposed effective date of each adjustment, which in each case shall be the first day of the next billing cycle following the effective date of the adjustment.
- (7) Consistent with Section 4928.238(B), Revised Code, the Commission shall have 15 days after the date of the true-up adjustment filing in which to confirm the mathematical accuracy of the servicer's adjustment. Unless suspended by the Commission, any true-up adjustment filed with the Commission should go into effect on a bills rendered basis on a date which is no earlier than 15 days subsequent to the date of submission.
- (8) If the Commission finds that there are necessary corrections to the true-up adjustments, the Commission may order that the corrections be made to the true-up filing or that the error be remedied in a subsequent true-up filing.

-59-

- (9) No adjustment approved under Section 4928.238, Revised Code, shall in any way effect the irrevocability of the Final Financing Order as specified in Section 4928.235, Revised Code.
- (10) Consistent with Section 4928.2312, Revised Code, no application for an adjustment mechanism, pursuant to Section 4928.238, Revised Code, shall affect the validity, perfection, or priority of a secured interest in or the transfer of PIR Property under the Final Financing Order.

E. Additional Requirements

- (1) The Commission directs Ohio Power to retain an independent financial advisor selected by Staff for the purpose of engaging in its review of the final terms of the proposed transaction consistent with this section *infra*, including, but not limited to the attestation that the final terms and conditions of the transaction are consistent with this Financing Order and the requisite statutory provisions.
- In order to ensure, as required by Section 4928.32(D)(2), (2) Revised Code, that the structuring and pricing of the PIR Bonds result in the charges consistent with market conditions and the terms of this Financing Order, it is necessary for the Commission, acting through its designated representative or financial advisor, to have a decision-making role co-equal with Ohio Power with respect to the structuring and pricing of the PIR Bonds and that all matters relating to the structuring and pricing of the PIR Bonds shall be determined through a joint decision of Power and the Commission's designated representative or financing advisor. The primary responsibilities of the Commission's financial advisor are to ensure that the structuring and pricing of the PIR Bonds result in charges consistent with market conditions and the terms of this Financing Order and that it protects the competitiveness of the retail electric market in this state. To fulfill its obligations under this Financing Order, the Commission's financial advisor must give effect to the Commission's directive that the PIR Bonds reflect a market price of most recently issued comparable securities that

-60-

demonstrates both measurably enhancing cost savings and mitigating rate impacts to customers as compared with traditional financing mechanisms or traditional cost-recovery.

- (3) To properly advise the Commission, the Commission's financial advisor must not participate in the underwriting of the PIR Bonds and its fee should not be based upon a percentage of the PIR Bond issuance. Its role should be limited to advising the Commission or acting on behalf of the Commission regarding the structure and pricing of the PIR Bonds. The financial advisor must, however, have an integral role in the pricing, marketing and structuring of the PIR Bonds in order to provide competent advice to the Commission. This requires the financial advisor to participate fully in all plans and decisions related to the pricing, marketing, and structuring of the PIR Bonds and that it be provided timely information as necessary to fulfill its obligation to advise the Commission in a timely manner. In addition, the financial advisor's fee should be capped at an amount not to exceed \$1,500,000, \$500,000 of which will be funded out of the underwriter's spread and \$1,000,000 of which will be included as part of the upfront Financing Costs.
- (4) For each PIR Bond tranche, upon the determination of the final structure of the bonds but prior to the actual issuance, Ohio Power shall file the Issuance Advice Letter and Certification, attached to this Financing Order, no later than the close of business on the second day after the pricing of the PIR Bonds. The Issuance Advice Letter shall set forth the final structure and terms of the issuance of the PIR Bonds including the face value of each tranche, the interest rate, the actual dollar amount of the initial PIR Charges and other information specific to the PIR Bonds to be issued.
- (5) The Commission has four complete business days following the filing of the Issuance Advice Letter to complete its review for both format and substance for the purpose of establishing that the stated terms are consistent with this Financing Order and that market conditions are

-61-

such that customers will realize cost savings from the issuance of the PIR Bonds. This Financing Order will become final and take effect in accordance with Section 4928.233(E), Revised Code. To the extent that the Commission finds that market conditions are such that customers will not realize cost savings from the issuance of the PIR Bonds, the Commission will, consistent with Section 4928.235(C)(2), Revised Code, issue an order within this four-day time frame directing that Ohio Power not proceed with the securitization approved under the final Financing Order.

- (6)Consistent with Section 4928.2315, the Commission, on behalf of the state of Ohio, pledges to and agrees with bondholders, any assignee, and any financing parties under a Final Financing Order that the state will not take or permit any action that impairs the value of the PIR Property under the Final Financing Order or revises the Phase-In Costs for which recovery is authorized under the Final Financing Order or, except as allowed under Section 4928.238, Revised Code, reduce, alter, or impair PIR Charges that are imposed, charged, collected, or remitted for the benefit of the bondholders, any assignee, and any financing parties, until any principal, interest, and redemption premium in respect of PIR Bonds, all Financing Costs, and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid performed in full.
- (7) Consistent with Section 4928.2311, Revised Code, any successor to Ohio Power, shall be bound to the requirements of Sections 4928.23, Revised Code, to 4928.317, Revised Code, and shall be obliged to perform and satisfy all obligations of the EDU under the Final Financing Order, including those related to the servicing of the bonds.
- (8) Consistent with Section 4928.2310, Revised Code, if Ohio Power defaults on any required payment of PIR Revenues, a court, upon application by an interested party and without limiting any other remedies available to Ohio Power, shall order the sequestration and payment of the

-62-

revenues for the benefit of bondholders, any assignee, and any financing parties. The court order shall remain in full force and effect notwithstanding any bankruptcy, reorganization, or other insolvency proceedings with respect to Ohio Power or its affiliate. Customers of Ohio Power shall be held harmless for the failure of Ohio Power to remit any required payment of PIR Revenues, and such failure shall in no way affect the PIR Property or the rights to impose, collect, and adjust the PIR Charges.

PIR Property under a Final Financing Order and the interests of an assignee, bondholder, or financing party in that property under a financing agreement are not subject to setoff, counterclaim, surcharge, or defense by Ohio Power, including as a result of its failure to provide, past, present, or future services, or in connection with the bankruptcy reorganization, or other insolvency proceeding of Ohio Power, any affiliate, or any other entity.

- (9) Consistent with Section 4928.235, a Final Financing Order in this proceeding shall:
 - remain in effect until the PIR Bonds issued under the Order and all Financing Costs related to the bonds have been paid in full;
 - (b) remain in effect and unabated notwithstanding the bankruptcy, reorganization, or insolvency of Ohio Power or its affiliate or the commencement of any judicial or nonjudicial proceeding on the Final Financing Order;
 - (c) be considered irrevocable and the Commission may not reduce, impair, postpone, or terminate the PIR Charges authorized in the Final Financing Order or impair the property or the collection or recovery of the Phase-In Costs.
- (10) Consistent with Section 4928.235, Revised Code, subsequent to a Financing Order being issued or becoming final and taking effect, but before PIR Bonds have been

-63-

issued, if marketing conditions are such that customers will not realize cost savings from the issuance of the PIR Bonds, Ohio Power shall not proceed with securitization under the Final Financing Order.

- (11) As provided in Section 4928.237, Revised Code, the Commission in exercising its powers and carrying out its duties regarding regulation and ratemaking may not do any of the following: (1) consider PIR Bonds issued pursuant to this Financing Order to be the debt of Ohio Power, (2) consider the PIR Charges imposed, charged or collected under this Financing Order to be revenue of Ohio Power, (3) consider the PIR Charges or Financing Costs authorized under this Financing Order to be the costs of Ohio Power.
- (12) If any provision of Sections 4928.23 to 4928.2318, Revised Code, is held to be invalid or superseded, replaced, repealed, or expires for any reason such occurrence shall not effect any action allowed under this Financing Order in reliance of those sections to the extent that such action is taken by prior to any modifications to the applicable statutes. Any such action shall remain in full force and effect.

FINDINGS OF FACT AND CONCLUSIONS OF LAW:

- (1) Ohio Power is an EDU, as defined in Section 4928.02(A)(6), Revised Code.
- (2) Sections 4928.23 through 4928.2318, Revised Code, provide EDUs with the mechanism to securitize, through the issuance of PIR Bonds, previously approved deferred assets.
- (3) On July 31, 2012 Ohio Power filed an application requesting authority, pursuant to Sections 4928.23 through 4928.2318, Revised Code, to recover certain specified Phase-In Costs through the issuance of PIR Bonds.
- (4) On September 14, 2012, initial comments were filed by Staff and OCC. On September 28, 2012, initial reply comments were filed by Ohio Power and OCC. On January 4, 2013,

-64-

initial supplemental comments were filed by Ohio Power and Staff. On January 18, 2013, Supplemental Reply Comments were filed by Ohio Power and OCC.

- (5) The proposed securitization transaction, as discussed and amended by this Financing Order, results in, consistent with market conditions, both measurably enhancing cost savings to customers and mitigating rate impacts to customers as compared with previously approved recovery methods.
- (6) The proposed securitization transactions, as set forth in this Financing Order, are consistent with Section 4928.02, Revised Code.

ORDER:

It is, therefore,

ORDERED, That the application be approved consistent with the conditions set forth in this Financing Order. It is, further,

ORDERED, That, consistent with this Financing Order, within ninety days after the date of the PIR Bond issuance, Ohio Power make a final reconciliation filing in 11-352 in order to address the remaining deferral balance of the DARR. It is, further,

ORDERED, That Ohio Power be authorized to enter into transactions for the issuance of PIR Bonds and to assess and collect PIR Charges, as set forth in this Financing Order. It is, further,

ORDERED, That Ohio Power file the applicable SPE agreement in accordance with the terms of this Financing Order. It is, further,

ORDERED, That Ohio Power file its Issuance Advice Letter with the accompanying certification consistent with this Financing Order. It is, further,

ORDERED, That Ohio Power retain a financial advisor on behalf of the Commission consistent with this Order. It is, further,

ORDERED, That, concurrent with the filing of the Issuance Advice Letter, the Commission's financial advisor shall file its attestation consistent with this Order. It is, further,

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 65 of 78

12-1969-EL-ATS 12-2999-EL-UNC -65-

ORDERED, That all reports issued by the Commission's financial advisor shall be docketed in this proceeding. It is, further,

ORDERED, That Ohio Power file a confirmation upon the final issuance of the PIR Bonds consistent with this Financing Order. It is, further,

ORDERED, That Ohio Power file its revised tariff sheets consistent with this Financing Order. It is, further,

ORDERED, That the revised tariff sheets be considered approved upon the issuance of the PIR Bonds. It is, further,

ORDERED, That Ohio Power modify its bill formats consistent with Case No. 12-2999. It is, further,

ORDERED, That, consistent with this Financing Order, Ohio Power provide customer notice of the Phase-In Rider Charges. It is, further,

ORDERED, That Ohio Power comply with the adjustment mechanism set forth in this Financing Order. It is, further,

ORDERED, That, consistent with this Financing Order, each year on the anniversary date of the issuance of the PIR Bonds, Ohio Power should file a report reflecting the balance and activity in the capital subaccount. It is, further,

ORDERED, That, consistent with this Financing Order, Ohio Power should address any final excess or deficit capital account balances as compared to the amount of capital contributed to the SPE. It is, further,

ORDERED, That Ohio Power identify the indenture trustee at the time of the filing of the Issuance Advice Letter. It is, further,

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 66 of 78

12-1969-EL-ATS 12-2999-EL-UNC -66-

ORDERED, That a copy of this Financing Order be served upon all parties and interested persons of record in this case.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Snitchler, Chairman

Steven D. Lesser

Lynn Slaby/

Andre T. Porter

M. Beth Trombold

JSA/BAM/sc

Entered in the Journal

MAR 2 0 2013

Barcy F. McNeal

Secretary

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 67 of 78

Case No. 12-1969-EL-ATS Page 1 of 12

ATTACHMENT 1 FORM OF ISSUANCE ADVICE LETTER

_____day _________, 201_

Case No. 12-1969-EL-ATS

The Public Utilities Commission of Ohio

SUBJECT: ISSUANCE ADVICE LETTER FOR PHASE-IN RECOVERY BONDS

Pursuant to the Financing Order issued In the Matter of the Application of Ohio Powe
Company for Authority to Issue Phase-in-Recovery Bonds and Impose, Charge and
Collect Phase-in-Recovery Charges for Tariff and Bill Format Changes in Case No. 12
1969-EL-ATS (the Financing Order), Applicant hereby submits, no later than noon of
the second business day after the pricing of this series of PIR Bonds, the information
referenced below. The issuance Advice Letter is for the PIR Bonds series
tranches Any capitalized terms not defined in this letter shall have the
meanings ascribed to them in the Financing Order.

PURPOSE:

This filing establishes the following:

- (a) The total amount of Phase-In Costs and Upfront Financing Costs being securitized;
- (b) Confirmation of compliance with issuance standards;
- (c) The actual terms and structure of the PIR Bonds being issued;
- (d) The initial Phase-In-Recovery Charges for retail users; and
- (e) The identification of the SPE

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 68 of 78

Case No. 12-1969-EL-ATS Page 2 of 12

PHASE-IN RECOVERY COSTS BEING SECURITIZED:

The total amount of Phase-In Costs and Upfront Financing Costs being securitized (the amount of the PIR Bonds) is presented in Attachment-1.

COMPLIANCE WITH ISSUANCE STANDARDS

The Financing Order requires Applicant to confirm, using the methodology approved therein, that the actual terms of the Phase-In Recovery (PIR) Bonds result in compliance with the standards set forth in the Financing Order. These standards are:

- The total amount of Phase-In Recovery Charge revenues to be collected under the Financing Order is less than the revenue requirement that would be recovered using the existing cost recovery mechanism of the Applicant (the Deferred Asset Recovery Rider ("DARR") authorized by the Commission on December 14, 2011. Case Nos. 11-351-EL-AIR and 11-352-EL-AIR.) (See Revised Staff Exhibit-A, Revised Attachment 2, Schedule C and D);
- 2. The present value of the revenues expected to be billed under the Financing Order will not exceed the present value of revenue that would be expected to be billed using the existing cost recovery method of the Applicant; (See Revised Staff Exhibit-A, Revised Attachment 2, Schedule D);
- The PIR Bonds will be issued in one or more series comprised of one or more tranches having expected final maturities of approximately ___years and legal final maturities not exceeding ___ years from the date of issuance of such series (See Revised Staff Exhibit-A, Revised Attachment 2, Schedule A); and

The structuring and pricing of the PIR Bonds is certified by the Applicant to result in the PIR Bond charges as of the date of issuance consistent with market conditions and the terms set out in this Financing Order (See Revised Staff Exhibit-A, Revised Attachment 3) that demonstrates both measurably enhanced cost savings to customers and mitigates rate impacts to customers as compared with Applicant's existing cost recovery methods previously approved by the Commission.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 69 of 78

Case No. 12-1969-EL-ATS Page 3 of 12

PIR Bond Series						
Trustee:	Trustee:					
Closing date:	, 201_					
Bond ratings: S	&P AAA, Fitch A	AA, Moody's A	\aa			
Amount Issued:	\$					
PIR Bond Issu Schedule A	uance Costs (u	ofront financi	ng costs):	See Attachment 1		
PIR Bond Supp	ort and Servicin	g (ongoing fil	nancing costs)	: See Attachment2_		
Schedule B			,			
Tranche	Coupon Rate	Expected Fir	nal Maturity	Legal Final Maturity	_	
A-1		_/_/_	-		_	
A-2		_/_/_		_/_/_	_	
Effective Annual Weighted Average Interest Rate of the PIR Bonds %						
Life of Series:			years			
Weighted Avera	ge Life of Series:		years			
Call Provisions (Call Provisions (including premium, if any):					
Target Amortiza	Target Amortization Schedule:					
Target Final Maturity Dates:						
Legal final Matu	rity Dates:					
Payments to Investors:			Semiannually Beginning	i i		
Initial annual Servicing Fee as a percent of original PIR Bond principal balance:			%			

ACTUAL TERMS OF ISSUANCE

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 70 of 78

Case No. 12-1969-EL-ATS Page 4 of 12

INITIAL PHASE-IN RECOVERY CHARGES

Table I below shows the current assumptions for each of the variables used in the calculation of the initial Phase-In Recovery Charges

TABLE I	
Input Values For Initial Phase-In Recovery Charges	
Applicable period: from, to,	
Forecasted retail kWh sales for the applicable period:	
PIR Bond debt service for the applicable period:	\$
Percent of billed amounts expected to be charged-off	%
Forecasted % of Billing Paid in the Applicable Period:	%
Forecasted retail kWh sales billed and collected for the applicable period:	
Current PIR Bond outstanding balance:	\$
Target PIR Bond outstanding balance as of/_/	\$
Total Periodic Billing Requirement for applicable period:	\$

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 71 of 78

Case No. 12-1969-EL-ATS Page 5 of 12

ATTACHMENT-1 SCHEDULE-A

Amount permitted to be Securitized by Financing Order	
	Total
Phase-In-Costs	\$
Upfront Financing Costs	\$
TOTAL AMOUNT SECURITIZED	\$

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 72 of 78

Case No. 12-1969-EL-ATS Page 6 of 12

ATTACHMENT-1 SCHEDULE-B ESTIMATED UP- FRONT FINANCING COSTS (1)

		AMOUNT
1	Underwriters' Fees	
2	Legal Fees	
3	Rating Agency Fees ⁽²⁾	
4	Company Advisor Fees & Expenses	
5	Printing/Edgarizing	
6	SEC Registration Fees ⁽³⁾	
7	Miscellaneous Administration Costs	
8	Accountant Fees	
9	Trustee's/Trustee Counsel's Fees	
10	Financial Advisor's Fees	
10	TOTAL UP-FRONT FINANCING COSTS	

(1) Based on the PIR Bond issuance of actual DARR balance as the date of above.	f \$ comprised of the Company's f issuance, plus actual upfront costs described
(2) Based upon current fee schedules a time to time.	applied to issuance amount which change from
(3) Based upon current fee level of \$	applied to debt registered with SEC.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 73 of 78

Case No. 12-1969-EL-ATS Page 7 of 12

ATTACHMENT-2 SCHEDULE-A

PIR BOND REVENUE REPAYMENT SCHEDULE

SERIES	, TRANCHE			
Payment	Principal			Total
Date	Balance	Interest	Principal	Payment

SERIES	, TRANCHE			
Payment	Principal			Total
Date	Balance	Interest	Principal	Payment

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 74 of 78

Case No. 12-1969-EL-ATS Page 8 of 12

ATTACHMENT-2 SCHEDULE-B ONGOING FINANCING COSTS

	ANNUAL AMOUNT
Ongoing Servicer Fee (The Company as Servicer)	
(0.10% of issuance amount)	
<u>OR</u>	
Ongoing Servicer Fee (Third Party as Servicer)	1
(0.75% of issuance amount)	
Administration Fees	
Accountants Fees	
Legal Fees/Expenses for Company's/Issuer's Counsel	
Trustee's/Trustee's Counsel Fees & Expenses	
Independent Manager's Fees	
Rating Agency Fees	
Printing/EDGAR expenses	
Miscellaneous	
TOTAL ONGOING FINANCING COSTS	

Note: The amounts shown for each category of operating expense on this attachment are the expected expenses for the first year of the PIR bonds. Phase-In Recovery Charges will be adjusted at least annually to reflect any changes in Ongoing Financing Costs through the true-up process described in the Financing Order.

Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 67 Attachment 7 Page 75 of 78

> Case No. 12-1969-EL-ATS Page 9 of 12

ATTACHMENT-2 SCHEDULE-C

SUMMARY OF PHASE-IN RECOVERY CHARGES

Year	PIR Bond Payment ¹	Ongoing Financing Costs ²	Total nominal Phase-In Recovery Charge Requirement ³	Present Value of Phase-In Recovery Charges ⁴
(a)	(b)	(c)	(d)	(e)
				J

From Attachment 2, Schedule A.
From Attachment 2, Schedule B.
Sum of PIR Bond payments and ongoing financing costs, adjusted for applicable taxes,

uncollectable and billing lags

The discount rate used is the weighted average effective annual interest rate of the PIR Bonds.

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 76 of 78

Case No. 12-1969-EL-ATS Page 10 of 12

ATTACHMENT-2 SCHEDULE-D

COMPLIANCE WITH THE NOMINAL AND PRESENT VALUE STANDARD1

·	Existing DARR Rate ²	Securitization Financing ³	Savings/(Cost) of Securitization Financing
Nominal	\$	\$	\$
Present Value	\$	\$	\$

- ¹ Calculated in accordance with the methodology used in the Application
- ² Carrying Costs at 5.34%.
- ³ From Revised Attachment 2, Schedule C

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 77 of 78

Case No. 12-1969-EL-ATS Page 11 of 12

ATTACHMENT-3

CERTIFICATION OF COMPLIANCE

[OPCo Letterhead]
Date:, 201_
Re: Application of Ohio Power Company, Case No. 12-1969-EL-ATS
Applicant, Ohio Power Company, In the Matter of the Application of Ohio Power Company for Authority to Issue Phase-in-Recovery Bonds and Impose, Charge and Collect Phase-in-Recovery Charges for Tariff and Bill Format Changes in Case No. 12-1969-EL-ATS (the Financing Order). All capitalized terms not defined in this letter shall have the meanings ascribed to them in the Financing Order.
In its issuance advice letter dated, 201_, the Applicant has set forth the following particulars of the PIR Bonds:
Name of PIR Bonds: PIR Bond Issuer: SPE} Trustee: Closing date:, 201_ Amount Issued: \$
Expected Amortization Schedule: See Revised Attachment 2, Schedule A to the Issuance Advice Letter Distributions to Investors (quarterly or semi-annually): Weighted Average Coupon Rate:% Weighted Average Yield:%
The following actions were taken in connection with the design, structuring and pricing of the PIR Bonds:
<insert actions="" actually="" here="" taken=""></insert>

Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 67
Attachment 7
Page 78 of 78

Case No. 12-1969-EL-ATS Page 12 of 12

Based upon the information reasonably available to the officers, agents, and employees of the Applicant, the Applicant hereby certifies that the structuring and pricing of the PIR Bonds, as described in the issuance advice letter, will result in the Phase-In-Recovery charges as of the date of issuance, consistent with market conditions and the terms set out in this Financing Order that both measurably enhances cost savings to customers and mitigates rate impacts to customers as compared with the DARR cost recovery methods previously approved for the Applicant.

The forgoing certifications do not mean that lower Phase-In-Recovery charges could not have been achieved under different market conditions, or that structuring and pricing the PIR Bonds under conditions not permitted by the Financing Order could not also have achieved lower Phase-In-Recovery Charges.

Applicant is delivering this Certification to the Commission solely to assist the Commission in establishing compliance with the aforementioned standard. Applicant specifically disclaims any responsibility to any other person for the contents of this Certification, whether such person claims rights directly or as third-party beneficiary.

Respectfully submitted,

OHIO POWER COMPANY

Ву:		
Name:_	 	
Title:		

DATA REQUEST

KPSC 2 68 Refer to the Messner Direct Testimony, Exhibit FDM-1.

- a. Provide the weighted average cost of capital used in the analysis.
- b. Explain what "Net of Return on ADIT" means.
- c. Explain why the discount rate of 8.300 percent is reasonable.
- d. Provide this exhibit and supporting schedules in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.

RESPONSE

- a. The weighted average cost of capital used in this analysis was the 6.93% proposed in the base rate case and shown in the Messner Direct Testimony, Figure FDM-1. This is also Section V, Workpaper S-2, Page 1 of 3.
- b. "Net Return on ADIT" in Exhibit FDM-1 reflects the requirement in KRS 278.670(15)(b)(3) that "retired generation costs" included in an application for a securitization financing order be reduced by "[t]he present value of return on all accumulated deferred income taxes related to pretax costs with respect to a retired or abandoned facility and related facilities, including those due to bonus and accelerated tax depreciation and abandonment losses."
- c. 8.300% is the grossed-up for income taxes amount of the weighted average cost of capital addressed in the response to 68.a.
- d. See KPCO R KPSC 2 1 Attachment10 MessnerWP1.

Witness: Franz D. Messner

DATA REQUEST

- **KPSC 2_69** Refer to the Messner Direct Testimony, pages 8–9 and Exhibit FDM-1. Also refer to the West Direct Testimony, page 24, Figure BKW-4.
 - a. Provide in Excel with all cells visible and unprotected an update to Exhibit FDM-1 breaking out each regulatory asset illustrated in Figure BKW-4 showing the annual net present value (NPV) revenue requirement to be collected from residential and all other classes for both the Securitization Method and the Conventional Method illustrating how the \$74 million NPV was calculated.
 - b. Provide an update to the calculation in part a. in Excel with all cells visible and unprotected showing the annual NPV revenue requirement to be collected from residential and all other classes for both the Securitization Method versus the Conventional Method, except exclude the severe storm related regulatory assets.
 - c. Explain the specific differences in NPV revenue requirement for recovery of severe storm regulatory asset recovery between securitization and recovery through base rates.

RESPONSE

- a. Please refer to KPCO R KPSC 2 69 Attachment1.
- b. See the response in part a.
- c. The calculation of a net present value of the savings associated with securitization of a severe storm regulatory asset recovery and recovery through base rates assumes a five-year recovery through base rates. Refer to the response to 69.a; the storm regulatory assets were separately calculated per the request.

Witness: Brian K. West

Witness: Franz D. Messner

DATA REQUEST

- **KPSC 2_70** Refer to the Messner Direct Testimony, pages 8–9. The proposed securitization extends the recovery of all the current regulatory assets to 20 years.
 - a. Explain the rationale for choosing a 20-year recovery period for the Securitization Method for every regulatory asset proposed to be securitized.
 - b. Provide a present value analysis showing the additional cost ratepayers will incur by extending the life of these assets beyond the 17-year recovery for the Decommissioning Rider Recovery Asset and 3-year recovery for storm regulatory assets.

RESPONSE

- a. The 20-year securitization period is illustrative of the tenor of securitization bonds that may be issued and is within the 30-year maximum tenor set in Kentucky's securitization statute. The 20-year securitization period is illustrative of the tenor of securitized bonds that may be issued and is within the 30-year maximum tenor set in Kentucky's securitization statute. While 20 years is reasonable for this analysis given the size of the transaction, the actual tenor or tenors may vary based on prevailing market conditions at the time of issuance. The Company expects market conditions, and not the characteristics of certain regulatory assets, to drive the bonds' actual tenor(s).
- b. Please refer to KPCO R KPSC 2 70 Attachment1.

Witness: Franz D. Messner

DATA REQUEST

- **KPSC 2_71** Refer to the Direct Testimony of Katrina T. Niehaus (Niehaus Direct Testimony), page 39.
 - a. Explain why true-ups for the Rider S.F.R. should take place on a semi-annual basis as opposed to annually.
 - b. Explain why true-ups to Rider S.F.R. should be done on a quarterly basis beginning 12 months prior to the scheduled final payment date for the latest maturing tranche of securitized bonds of a particular series.

RESPONSE

a.-b. The regular scheduled true-ups are proposed to be semi-annual in order to achieve the highest possible rating and lowest cost of funds. When performing their credit analysis each of the rating agencies will perform a series of cash flow stresses. As part of the stress analysis the rating agencies have historically only assumed the securitized surcharge will be adjusted on scheduled true-up dates. While securitizations with regular annual true-ups have been rated 'AAA' in the past, less frequent true-ups put more pressure on the 'AAA' ratings analysis and the rating agencies have historically viewed semi-annual true-ups more favorably than annual true-ups. Additionally, the majority of outstanding utility securitizations have semi-annual true-ups and, from a marketing perspective, investors may view the transaction more favorably if the regular true-ups occur semi-annually rather than annually.

In addition to the logic outlined in the response to question (a), under the rating agency and investor stress scenarios, requiring more frequent true-up adjustments at the end of the transaction (in this case, quarterly true-ups) means that in a distressed scenario there will be greater opportunity to adjust the securitized surcharge in the case of missforecasts, providing more assurance to rating agencies and investors that the bonds will be repaid by the final maturity date.

Witness: Katrina T. Niehaus

DATA REQUEST

KPSC 2_72 Refer to the Spaeth Direct Testimony, page 19. Also refer to the Philips Direct Testimony, Section 8. Reconcile the list of DRR programs in the Spaeth Direct Testimony with the explanation of DRR programs in the Philips Direct Testimony. Provide a list of the exact programs and costs that are proposed to be recovered through the DRR.

RESPONSE

Company Witness Spaeth's Direct Testimony details broader categories of DRR programs. Company Witness Phillips's Direct Testimony details more narrow categories included within the broader categories described by Company Witness Spaeth.

For example, on page 19 of Company Witness Spaeth's Direct Testimony, the following DRR categories are listed:

- 1. Vegetation Management Program
- 2. Distribution Asset Renewal

The Vegetation Management Program category includes TOR – Enhanced ROW Widening as described in Mr. Phillips's testimony.

The Distribution Asset Renewal category includes Additional Tie Lines, DACR/Recloser Modernization, Additional New Distribution Substation Sources, and Asset Renewal/Storm Hardening or Resiliency as described in Mr. Phillips's testimony.

These five narrower DRR categories described by Mr. Phillips, and shown in Exhibit EGP-4 of Company Witness Phillips's Direct Testimony, also correspond to the DRR categories abbreviated "ERW," "ATL," "DACRR," ANDSS," and "ARSHR," respectively, in Exhibit MMS-3 of Company Witness Spaeth's Direct Testimony.

KPCO_R_KPSC_2_1_Attachment11_PhillipsWP1 lists the exact programs and costs that are currently proposed to be recovered through the DRR.

Witness: Everett G. Phillips

DATA REQUEST

KPSC 2_73 Refer to the Spaeth Direct Testimony, page 20. Explain why the Outdoor Lighting and Street Lighting rate schedules are excluded from the DRR.

RESPONSE

Outdoor lighting and street lighting were excluded from the DRR because they are billed on a per lamp, and per kWh basis. Outdoor lighting is normally associated with another billing account that will already pay the DRR.

DATA REQUEST

- **KPSC 2 74** Refer to the Spaeth Direct Testimony, page 21.
 - a. Confirm that all retail customers will be billed under Rider S.F.R., including outdoor lighting and street lighting.
 - b. Explain whether Kentucky Power's current wholesale customers will be billed under the Rider S.F.R. If not, explain why not.
 - c. Explain how net metering customers' bills will be calculated under Rider S.F.R.

RESPONSE

- a. Confirmed.
- b. Wholesale customers will not be billed under Rider S.F.R. because Rider S.F.R. will include only Kentucky Retail jurisdictional costs.
- c. They will be billed in the same manner as other Kentucky Power customers.

DATA REQUEST

KPSC 2 75 Refer to the Spaeth Direct Testimony, page 21.

- a. Explain how non-recurring charge revenues are included in the calculation of retail revenues.
- b. Provide a list of revenue categories whose revenues will not be included in the retail revenue calculation.

RESPONSE

a. - b. Non-recurring charges are not included in the calculation of retail revenues. The revenues included in the class allocations are only the retail sales of the respective classes.

Witness: Scott E. Bishop

DATA REQUEST

KPSC 2_76 Refer to the Spaeth Direct Testimony, page 21. Explain whether Kentucky Power plans to file the true ups of the Rider S.F.R. through a tariff filing or through a formal case.

RESPONSE

The Company proposes to file updates as both post-correspondence filings in this docket and through the TFS system. This is the process used by the Company for updates with its System Sales Clause, Decommissioning Rider, and Purchase Power Adjustment (except within Case No. 2020-00174). Nonetheless, the Company is amenable to filing in a different manner if Commission Staff would prefer.

Witness: Lerah M. Kahn

DATA REQUEST

KPSC 2_77 Refer to the Spaeth Direct Testimony, page 21. Also refer to Kentucky Power's Response to the July 5, 2023, Deficiency Notice, Exhibit 1, pages 159–160. Explain why the proposed Rider S.F.R. does not include language regarding the quarterly true-up filings.

RESPONSE

The Company agrees that Rider S.F.R. would be more clear by adding language regarding the quarterly true-up filings. Attached as KPCO_R_KPSC_2_77_Attachment1 is an updated version of the tariff with the proposed language.

Witness: Brian K. West

August 14, 2023 Item No. 77 Attachment 1 Page 1 of 2

KENTUCKY POWER COMPANY

P.S.C. KY. NO. 13 ORIGINAL SHEET NO. 35-1 CANCELLING P.S.C. KY. NO. 12 1st REVISED SHEET NO. 35-1

Securitization Financing Rider (S.F.R.)

Applicable

To Tariffs R.S., R.S.D., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, G.S., S.G.S.-T.O.D., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., I.G.S., C.S.- I.R.P., M.W., O.L., and S.L..

Rate

1. Pursuant to the final order of the Kentucky Public Service Commission in Case No. 2023-00159, Kentucky Power Company is to recover from retail ratepayers the costs approved for securitization by the Commission.

This rider is designed to recover from customers the amounts necessary to service, repay and administer customer-backed bonds associated with the approved securitized costs pursuant to the terms of the financing order of the Kentucky Public Service Commission in Case No. 202#-#####.

This rider shall remain in effect until the complete repayment and retirement of any customer-backed bonds, or refunding bonds, associated with the approved securitized costs. This schedule is irrevocable and nonbypassable for the full term during which it applies.

The applicable rates for service rendered on and after XXXXXXXX ##, 202# to be applied to the revenues described in paragraph 5 of this tariff are:

Residential Adjustment Factor =
$$\frac{\$X}{\$X}$$
 = $X.X\%$

All Other Classes Adjustment Factor = $\frac{\$X}{\$X}$ = $X.X\%$

2. The allocation of the actual revenue requirement (ARR) between residential and all other customers shall be based upon their respective contribution to total retail revenues for the most recent twelve-month period ending December 31 or June 30, according to the following formula:

(b) = Most recent available twelve month period ended December 31 or June 30.

Continued on Sheet 35-2

DATE OF ISSUE: June 29, 2023

DATE EFFECTIVE: January 1, 2024

ISSUED BY: /s/ Brian K. West

TITLE: <u>Vice President, Regulatory & Finance</u>
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

N

KENTUCKY POWER COMPANY

P.S.C. KY, NO. 13 ORIGINAL SHEET NO. 35-2 CANCELLING P.S.C. KY. NO. 12 3rd REVISED SHEET NO. 35-2

Securitization Financing Rider Continued (S.F.R.)

3. The Residential S.F.R. Adjustment shall provide for annual adjustments based on a percent of total revenues, according to the following formula:

> Net Annual Residential Allocation NRA(y) Residential S.F.R. Adjustment Factor Residential Retail Revenue RR(b)

Where:

Net Annual Residential Allocation NRA(y) Annual Residential Allocation RA(y), net of

Over/(Under) Recovery Adjustment;

Residential Retail Revenue RR(b) Annual Retail Revenue for all KY residential classes

for the year (b).

4. The All Other Classes S.F.R. Adjustment shall provide for annual adjustments based on a percent of non-fuel revenues, according to the following formula:

> Net Annual All Other Allocation NOA(y) All Other Classes S.F.R. Adjustment Factor All Other Classes Non-Fuel Retail Revenue ONR(b)

Where:

Rider.

Net Annual All Other Allocation NOA(v) Annual All Other Allocation OA(v), net of

Over/(Under) Recovery Adjustment;

All Other Classes Non-Fuel Retail Revenue Annual Non-Fuel Retail Revenue for all classes other than residential for the year (b).

ONR(b)

5. The Revenues to which the residential Securitization Financing Rider factor are applied is the sum of the customer's Service Charge, Demand Charge, Energy Charge(s), Fuel Adjustment Clause, System Sales Clause, Demand-Side Management Adjustment Clause, Federal Tax Change, Residential Energy Assistance, Purchase Power Adjustment and Distribution Reliability

The Revenues to which the all other customer Securitization Financing Rider factor are applied is the sum of the customer's Service Charge, Demand Charge, Energy Charge(s) less Base Fuel, Minimum Charge, Reactive Charge, System Sales Clause, Demand-Side Management Adjustment Clause, Federal Tax Change, Kentucky Economic Development Surcharge, Purchase Power Adjustment and Distribution Reliability Rider.

The initial Securitization Financing Rider rates shall be file on the day following the pricing of the bonds and shall become effective the first billing cycle following the closing of the bonds. All subsequent Rider rate adjustments shall be semi-annual (every six months).

The semi-annual Securitization Financing Rider adjustments shall be filed with the Commission no later than February 15 and August 15th of each year before it is scheduled to go into effect on Cycle 1 of the April and October billing cycles, respectively, along with all the necessary supporting data to justify the amount of the adjustments, which shall include data, and information as may be required by the Commission.

Interim Securitization Financing Rider adjustments may be filed with the Commission outside of the standard semi-annual timeframe in order to correct for over- or under-collection to be submitted no later than 10 days before the rate is to be effective.

Quarterly true-ups will begin 12 months prior to the scheduled final payment date for the latest maturing tranche of securitized bonds of a particular series

7. Copies of all documents required to be filed with the Commission shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.

DATE OF ISSUE: June 29, 2023 DATE EFFECTIVE: January 1, 2024 /s/ Brian K. West ISSUED BY:

TITLE: Vice President, Regulatory & Finance By Authority of an Order of the Public Service Commission In Case No.: 2023-00159 Dated XXXX XX, XXXX

Ν

Page 2 of 2

DATA REQUEST

KPSC 2 78 Refer to the Spaeth Direct Testimony, page 22.

- a. Explain why revenue rider amounts including the Fuel Adjustment Clause and Environmental Surcharge are excluded from the retail revenue calculation.
- b. If approved, explain whether the DRR should be included in the calculation. If not, explain why not.

RESPONSE

a. The Company proposes that the SFR operate as a percent of revenue rider consistent with how the Company's currently approved, Environmental Surcharge (ES) and Decommissioning Rider (DR), percent of revenue riders operate. Percent of revenue riders should not be included within the subtotal for which other percent of revenue riders multiply against. If it is not excluded, this would result in a circular calculation.

Regarding the Fuel Adjustment Clause, it (along with base fuel) is proposed to be excluded from the All Other calculation consistent with how the ES and DR operate. The Fuel Adjustment Clause (along with base fuel) are included in the Residential calculation. Implementing the SFR on the same basis as the ES and DR makes it both easier for customers to follow (rather than different rules) and for the Company to implement within its billing system.

b. Yes. The DRR should be included in the subtotal by which all percent of revenue riders multiply against. The Company included the DRR within bullet point 5 of its proposed Tariff S.F.R.

DATA REQUEST

- **KPSC 2 79** Refer to the Spaeth Direct Testimony, Exhibit MMS-1, pages 32–34.
 - a. Provide the Net CONE values used to calculate the capacity credit for years 2023/2024, 2024/2025, and 2025/2026.
 - b. Provide the source document for the Net CONE values used in the capacity credit calculation.
 - c. Explain how the capacity credits for Standard Measurement are calculated.

RESPONSE

- a. See KPCO_R_KPSC_2_79_Attachment 1.
- b. KPCO_R_KPSC_2_79_Attachment 1 contains the source Excel files from PJM's website, available at https://pjm.com/markets-and-operations/rpm.
- c. The Standard Measurement capacity credits are calculated by taking the T.O.D calculation multiplied by the result of On-Peak hours per year divided by total hours per year.

DATA REQUEST

KPSC 2 80 Refer to the Spaeth Direct Testimony, Exhibit MMS-1, pages 32–34.

- a. Explain whether Net CONE values have been established for years 2026/2027 and 2027/2028. If so, provide the Net CONE values, and their source document, for those years.
- b. Provide the COGEN rate calculation, in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.
- c. Explain whether Kentucky Power performed an analysis of capacity costs other than Net CONE to determine the appropriate capacity costs used to determine the COGEN capacity credits.

RESPONSE

- a. PJM has not established Net CONE values for 2026/27 or 2027/28.
- b. Please see the Company's response to KPCO_R_KPSC_2_1_Attachment13_SpaethWP1.
- c. No. Per the Commission's Order in Case No. 2020-00174 at page 101 subpart 2 the Company calculated its COGEN rate utilizing the avoided capacity cost based on zonal Net CONE.

DATA REQUEST

KPSC 2 81 Refer to the Spaeth Direct Testimony, Exhibit MMS-4, page 2.

- a. Explain why each of the analogous retail revenue elements included in the Residential Retail Revenue RR(b) are not included in the All Other Classes Non- Fuel Retail Revenue ONR(b).
- b. Explain whether the regulatory asset recovery costs are allocated to customers included in the All Other Classes group. If so, due to the way Tariff Rider S.F.R. is structured, explain whether any rate class within the All Other Classes group of customers will pay a lower amount of recover cost on a net present value basis.

RESPONSE

- a. All elements are a part of Residential and All Other Classes but for rate design purposes the All Other Classes does not include fuel revenues.
- b. All non-residential customer classes will pay the same based on the all non-fuel revenue reflected in the All Other Classes S.F.R. Adjustment Factor.

DATA REQUEST

KPSC 2 82 Refer to the Direct Testimony of Heather Whitney, pages 30–31.

- a. Explain why adjustments W57 and W58 both calculate the non-FAC eligible purchased power costs for the period March 2020 through March 2023.
- b. Explain whether Kentucky Power received Commission approval to defer incremental non-FAC eligible purchased power costs between rate cases. If so, provide the case number and order date. If not, explain why Kentucky Power proposes to retroactively recover the incremental non-FAC eligible purchased power costs incurred since its last base rate case.

RESPONSE

- a. The adjustments at W57 and W58 do not both calculate Non-F.A.C. eligible purchased power expenses for the period March 2020 through March 2023. Rather, these adjustments have two distinct purposes, as described below:
 - i. W57: Reduce test year (12 months ended March 31, 2023) Non-F.A.C. eligible purchased power expense by \$(13,068,150) to reflect a normalized annual expense level of \$1,651,936 in requested base rates. As shown at KPCO_R_KPSC_2_1_Attachment55_WhitneyWP1, Tab "W57_PG_1_of_1", the requested normalized annual expense level of \$1,651,936 represents Kentucky Power's three-year average of actual Non-F.A.C. eligible purchased power expense, excluding expense related to Winter Storm Elliott.
 - ii. W58: Increase test year Non-F.A.C. eligible purchased power expense by \$1,340,018 to recover actual, incremental Non-F.A.C. eligible purchased power expenses from the test year end in the Company's last base case (March 31, 2020) to the test year end in this case (March 31, 2023), excluding expense related to Winter Storm Elliott, over a 3-year period. Adjustment support provided at KPCO R KPSC 2 1 Attachment55 WhitneyWP1, Tab "W58 PG 1 of 1"
- b. Kentucky Power has not deferred its actual Non-F.A.C. eligible purchased power expenses, in excess of the level of Non-F.A.C. eligible purchased power expenses included in base rates, to a regulatory asset. Kentucky Power's request in this case to recover its actual Non-F.A.C. eligible purchased power expenses from the test year end in

the Company's last base case (March 31, 2020) to the test year end in this case (March 31, 2023), in excess of the level of Non-F.A.C. eligible purchased power expenses included in base rates¹, is consistent with the Commission's January 18, 2018 Order in Case No, 2017-00179 at 55, which states: "The Commission will allow recovery of the test year amount of purchased power reasonably incurred, but excluded from the FAC. To the extent that Kentucky Power incurs any expense due to purchased power that is appropriately incurred after the test year, but excluded from the FAC, it can file a base rate case seeking recovery of those expenses."

Witness: Brian K. West

Witness: Heather M. Whitney

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¹ In addition to the Direct Testimony of Heather Whitney, pages 30–31, also see the Direct Testimony of Company Witness West, pages 7-8.

DATA REQUEST

KPSC 2_83 Refer to the Direct Testimony of Lerah M. Kahn (Kahn Direct Testimony), page 17. Explain whether Kentucky Power plans to update the Federal Tax Change Tariff through a tariff filing or through a formal case.

RESPONSE

The Company proposes to file updates as both post-correspondence filings in this docket and through the TFS system. This is the process used by the Company for updates with its System Sales Clause, Decommissioning Rider, and Purchase Power Adjustment (except within Case No. 2020-00174). Nonetheless, the Company is amenable to filing in a different manner if Commission Staff would prefer.

DATA REQUEST

KPSC 2_84 Refer to the Kahn Direct Testimony, page 18. Provide a copy of the Kentucky Court of Appeals decision in the litigation regarding the Non-Utility Generator Tariff (Tariff N.U.G.).

RESPONSE

Please see KPCO_R_KPSC_2_84_Attachment1 for the requested document, which resolved the matter in 2021² by affirming the Commission's decision in the Company's favor.

² Kahn Direct Testimony, page 18 mistakenly stated it was resolved in 2020.

Util. L. Rep. P 27,515

2021 WL 527705

Unpublished opinion. See KY ST RCP Rule 76.28(4) before citing.

NOT TO BE PUBLISHED Court of Appeals of Kentucky.

RIVERSIDE GENERATING APPELLANT COMPANY, L.L.C., Appellant

v.

KENTUCKY PUBLIC SERVICE COMMISSION and Kentucky Power Company, Appellees

NO. 2020-CA-0678-MR | FEBRUARY 12, 2021; 10:00 A.M.

Discretionary Review Denied by Supreme Court August 18, 2021

APPEAL FROM FRANKLIN CIRCUIT COURT, HONORABLE PHILLIP J. SHEPHERD, JUDGE, ACTION NO. 19-CI-00598

Attorneys and Law Firms

BRIEFS FOR APPELLANT: Mark David Goss, David S. Samford, L. Allyson Honaker, Lexington, Kentucky.

BRIEF FOR APPELLEE PUBLIC SERVICE COMMISSION OF KENTUCKY: Quang Nguyen, Cornelius J. Mance, Frankfort, Kentucky.

BRIEF FOR APPELLEE KENTUCKY POWER COMPANY: Mark R. Overstreet, Katie M. Glass, Frankfort, Kentucky.

BEFORE: CALDWELL, COMBS, AND L. THOMPSON, JUDGES.

OPINION

COMBS, JUDGE:

*1 This case involves a rate dispute in which Riverside Generating Company, L.L.C., (Riverside), appeals from an opinion and order of the Franklin Circuit Court affirming a decision of the Kentucky Public Service Commission (the Commission) that was entered in favor of Kentucky Power

Company (Kentucky Power). The circuit court concluded: that the findings of the Commission were supported by substantial evidence; that the retail rate charged to Riverside by Kentucky Power is in accordance with state law; and that Kentucky Power did not engage in rate discrimination with respect to Riverside. After our review, we affirm.

Kentucky Power is a vertically integrated, regulated utility. It serves customers in twenty eastern Kentucky counties. Kentucky Power is subject to the jurisdiction of the Commission, which regulates its rates and services.

Kentucky Power is a member of PJM Interconnection, LLC (PJM), a regional transmission organization (RTO) that coordinates the transmission of wholesale electricity through thirteen states and the District of Columbia. PJM members collaborate to buy and sell power to each other through an integrated grid system. These transactions help to ensure grid reliability throughout the region. PJM is subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC).

Riverside is a merchant power-generator based in New Jersey. It is not a regulated utility. Riverside is a member of PJM and sells power that it generates on the PJM wholesale market. Five of its natural gas-fired electric power generators are connected to Kentucky Power's transmission grid. These generators are located at 25038 U.S. Highway 23 in Catlettsburg, Kentucky. Three of the power generators sit on a site referred to as "Zelda"; the other two are on an adjacent site referred to as "Foothills." The neighboring sites share infrastructure, and all five generators are generally operated from a single control room located on the Zelda site.

Riverside generates electricity in its Kentucky facilities for sale on the wholesale market only when it is profitable to do so – approximately ten percent of the hours in any year. During the remaining ninety percent of the hours, Riverside requires electric energy produced outside its generators to power the auxiliary equipment necessary for its operations (lights, heat, air conditioning, *etc.*). This energy is characterized as "station power."

Because it is a large, power-generating facility, Riverside takes Kentucky Power's service under the provisions of a tariff aimed at non-utility generators of power -- "Tariff NUG." Riverside is the only Kentucky Power customer taking service pursuant to this tariff.

Util. L. Rep. P 27,515

Tariff NUG does not include rates. Instead, it requires a power-generating customer to take service at retail rates during periods when it is not generating energy sufficient to meet its internal requirements. However, Tariff NUG contains a special provision meant to accommodate power-generating customers that intend to sell output on the wholesale market and which can self-supply their own energy requirements through commonly owned, yet remote, generators. This means of obtaining energy through an affiliated, off-site facility is commonly referred to as "remote" self-supply. This provision enables the power-generating customer to take service for station power under the wholesale transmission framework established by PJM and governed by its Open Access Transmission Tariff (OATT) as authorized by the FERC. Power generators can also "on-site" self-supply by redirecting some of their own energy output for internal use ("behind-the-meter" production) or "third-party" supply by drawing power off the grid from unaffiliated providers. Riverside receives the auxiliary energy that it requires for station power from Kentucky Power -- a third-party supply arrangement.

*2 Historically, Riverside has paid retail rates for electric service in accordance with Kentucky Power's "Tariff IGS (Industrial General Service)" for the 90% of the hours that it did not generate energy sufficient to meet its station power requirements. Kentucky Power's Tariff IGS rates apply to service that it supplies to its largest industrial and commercial retail customers.

On December 13, 2017, Riverside filed a complaint with the Commission. It contended that its Kentucky generation sites (Zelda and Foothills) consistently produce significantly more energy than Riverside consumes for its own operations and that, as a consequence, it is entitled to take service pursuant to the special terms and conditions provision of Tariff NUG. By self-supplying its station power needs within PJM's wholesale transmission framework under the OATT rather than pursuant to Kentucky Power's less favorable, Commission-approved, Tariff IGS, Riverside argued that it could realize an annual cost savings of \$1.1 million.

Riverside and Kentucky Power filed testimony and responded to data requests from the Commission. Following a hearing conducted in September 2018, the parties submitted extensive briefs. In an order entered on May 14, 2019, the Commission held that Riverside could not satisfy the special terms and conditions of Tariff NUG (which allow it to remotely self-supply its station power) because Riverside's generators at

Zelda and Foothills are not remote sites but are instead separate parts of a single facility. Consequently, Kentucky Power is authorized by the provisions of Tariff NUG to supply energy at retail rates during periods when Riverside does not generate energy sufficient to meet its internal requirements.

Riverside also contended that regardless of the decision concerning its ability to remotely self-supply its station power, Tariff NUG should be interpreted to permit Riverside to offset its monthly energy consumption with its generated output (an accounting process referred to as "netting") on a wholesale basis pursuant to protocols established by PJM and the FERC. The Commission rejected that contention as having been insufficiently raised for consideration.

Riverside filed an action for review in the Franklin Circuit Court on June 12, 2019. Riverside alleged that the Commission's findings of fact were not supported by substantial evidence and that its order was unreasonable and unlawful because it misapplied the provisions of Tariff NUG. The circuit court rejected these arguments and affirmed the Commission's order. This appeal followed.

"The [Commission] acts as a quasi-judicial agency utilizing its authority to conduct hearings, render findings of fact and conclusions of law, and utilizing its expertise in the area and to the merits of rates and service issues." *Simpson County Water Dist. v. City of Franklin*, 872 S.W.2d 460, 465 (Ky. 1994). It exercises exclusive jurisdiction over the regulation of rates and service of utilities in the Commonwealth of Kentucky. KRS ¹ 278.040(2). Therefore, judicial review of an order entered by the Commission is narrowly circumscribed.

In all trials, actions or proceedings arising under the preceding provisions of this chapter or growing out of the commission's exercise of the authority or powers granted to it, the party seeking to set aside any determination, requirement, direction or order of the commission shall have the burden of proof to show by clear and satisfactory evidence that the determination, requirement, direction or order is unreasonable or unlawful.

*3 KRS 278.430.

Util. L. Rep. P 27,515

The orders of the Commission "can be found unreasonable only if it is determined that the evidence presented leaves no room for difference of opinion among reasonable minds." *Kentucky Indus. Utility Customers, Inc. v. Kentucky Utilities Co.*, 983 S.W.2d 493, 499 (Ky. 1998) (citing *Energy Regulatory Comm'n v. Kentucky Power*, 605 S.W.2d 46 (Ky. App. 1980)). We review questions of law *de novo. City of Greenup v. Public Service Comm'n*, 182 S.W.3d 535, 539 (Ky. App. 2005).

On appeal, Riverside argues first that the Commission's order is not supported by substantial evidence because its Zelda and Foothills generators are located on separate sites. Thus, it believes that it qualifies as a matter of law for special treatment as a remote self-supplier of its station power requirements. We disagree.

Tariff NUG was approved by the Commission in 2001. It was established by Kentucky Power following the FERC's acceptance of numerous RTO tariff provisions, including the PJM tariff provision authorizing an independent, wholesale energy producer to net the station power that it consumed against its wholesale transactions. These tariff provisions were aimed at leveling the playing field between vertically integrated utilities and independent wholesale generators. The special terms and conditions of Tariff NUG provide as follows:

Customers desiring to provide Startup and Station Power from other generation facilities owned by the same individual business entity that are not located on the site of the customer's generator (remote self-supply), shall take service under the terms and conditions contained within the applicable Open Access Transmission Tariff [OATT] as filed with and accepted by the Federal Energy Regulatory Commission.

(Emphasis added.)

On appeal, Riverside bears the burden of showing by clear and convincing evidence that the Commission's determination is unreasonable. The Commission considered evidence tending to show that Riverside's Zelda and Foothills sites are both physically and operationally a single generation facility and not "other generation facilities." The sites share contiguous real property; a single mailing address; a single entrance, security gate, and access road; signage; a nine-mile natural gas pipeline linking to the Tennessee Gas Pipeline station; a single water line; a single water meter; administrative space and staff; a single warehouse; a single septic system; and a single retail account with Kentucky Power. The sites are surrounded by a single chain-link fence and are separated merely by a fence bisecting the interior of the property.

The evidence showed that Riverside's five generators are generally operated from a single control room. The Commission determined that Riverside's Zelda and Foothills sites compose a single generation facility, operating as a unit, and are not "other" generators supplying power remotely. Riverside cannot show by clear and convincing evidence that that determination is unreasonable or unlawful. Although Riverside takes issue with the definition of "remote selfsupply," the phrase most certainly does not refer to the generation of power through generators operating upon contiguous sites at a single facility. While Riverside may have the ability ultimately to "on-site" self-supply its station power requirements when it is online and producing energy, it does not generate sufficient energy "remotely" to meet its station power requirements as provided by the text of the tariff. The Commission did not clearly err in its determination, and the order cannot be set aside on this basis.

*4 Nor can Riverside show that the Commission erred as a matter of law in its application of the provisions of Tariff NUG. By its express terms, Tariff NUG applies to customers with generation facilities that intend to "schedule, deliver and sell the net electric output of the facility at wholesale, and who [sic] require Commissioning Power, Startup Power and/or Station Power service." The tariff provides that customers requiring station power "shall take service under the generally available demand-metered tariff appropriate for the customer's Station Power requirements." The Commission determined that Riverside's Zelda and Foothills sites compose a single generation facility and are not "other," remote generators under the special terms and conditions of the tariff. The Commission properly applied the tariff as written. It concluded that the "generally available demand-metered tariff" appropriate for Riverside was Tariff IGS, the tariff applicable to large industrial and commercial retail customers. With respect to Riverside's station power service, the Commission did not err by concluding that the

Util. L. Rep. P 27,515

transaction was nothing more than a typical retail sale of energy to a customer. Kentucky Power's provision of station power to a generating facility that is offline and not generating power clearly constitutes a retail sale because it is an ordinary sale of energy directly to an end-user of the power supplied. There was no error, and the Commission's order cannot be set aside on this basis.

Next, Riverside argues that the Commission erred as a matter of law by concluding that Kentucky Power is not required to follow PJM tariff protocol and FERC standards concerning "netting" of station power. It notes that the provisions of Tariff IGS make absolutely no reference to "netting" and argues that where its power generation is net positive when compared to its station power requirements, no retail sale can occur under federal standards. Riverside claims that its ability to offset its power consumption against its overwhelming power generation must be taken into account when being billed for service under PJM tariff protocol. We disagree.

Section 201(b) of the Federal Power Act grants the FERC jurisdiction over the "transmission of electric energy in interstate commerce" and the "sale of electric energy at wholesale in interstate commerce" as well as "all facilities for such transmission or sale[.]" 16 U.S.C. 2 § 824(b)(1). States retain jurisdiction over "any other sale of electric energy" and "facilities used in local distribution" of electricity. Id. The disagreement between Kentucky Power and Riverside is a straightforward rate dispute regarding the interpretation and application of retail rates approved pursuant to the laws of the Commonwealth of Kentucky. Riverside points to nothing in PJM's tariff protocol or in FERC's accepted standards which would prevent Kentucky Power from charging Riverside retail rates for the retail service that it provides to its customer pursuant to tariffs expressly approved by the Commission. Where a generating facility is not online and producing electricity to supply its station power needs, it is consuming electricity just like any other customer. Consequently, Kentucky Power's provision of station power is an ordinary retail sale subject to the Commonwealth's jurisdiction and not to FERC standards or PJM's tariff protocol. *See Calphine v. F.E.R.C.*, 702 F.3d 41, 47 (D.C. Cir. 2012) (noting that the FERC has specifically held that it lacks jurisdiction over third-party provision of station power because where station power is acquired in this manner it is not being sold for wholesale purposes).

Finally, Riverside argues that the Commission erred by "sanctioning an unreasonably prejudicial rate." It contends that the application of Tariff IGS rates to its consumption of station power energy is unfair because this rate causes it to subsidize the capital costs and maintenance expenses of Kentucky Power's large industrial customers. However, the rate charged to Riverside under Tariff IGS is not unfairly prejudicial.

KRS 278.170(1) proscribes unreasonable discrimination by prohibiting utilities from granting an "unreasonable preference or advantage" or maintaining an "unreasonable difference" between classes of service "for doing a like and contemporaneous service under the same or substantially the same conditions." The retail rate billed to Riverside by Kentucky Power is the same rate billed to its similarly situated industrial and commercial customers and reflects the costs of providing services -- including power generation and transmission. Consequently, it cannot be said that Kentucky Power is unreasonably discriminating against Riverside. The Commission's order cannot be set aside on this basis.

*5 We AFFIRM the well reasoned opinion and order of the Franklin Circuit Court.

ALL CONCUR.

All Citations

Not Reported in S.W. Rptr., 2021 WL 527705, Util. L. Rep. P 27,515

Footnotes

- Kentucky Revised Statutes.
- 2 United States Code.

KPSC Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 84 Attachment 1 Page 5 of 5

Riverside Generating Appellant Company, L.L.C. v...., Not Reported in S.W....

Util. L. Rep. P 27,515	
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DATA REQUEST

KPSC 2_85 Refer to the Kahn Direct Testimony, page 19. Provide a narrative of what has changed since 2001 that caused Kentucky Power to believe that Tariff N.U.G. is no longer needed.

RESPONSE

The reference to "much has changed since 2001" refers to the Company's understanding of the needs and requirements of non-utility generators since the tariff was introduced. At the time the tariff was introduced, non-utility generators were relatively new entities with which the Company did not have much experience. During the 22 years since the tariff was introduced, the Company has gained experience with non-utility generators in Kentucky and elsewhere that has shown the service needs of non-utility generators are sufficiently met by the Company's standard tariffs and, accordingly, Tariff N.U.G. is no longer needed.

DATA REQUEST

KPSC 2_86 Refer to the Kahn Direct Testimony, pages 18–19. Explain whether the current customer taking service under Tariff N.U.G. has ever expressed an interest in utilizing the Commissioning Power or Startup Power provisions of Tariff N.U.G.

RESPONSE

No, the current customer taking service under Tariff N.U.G. has never expressed interest in utilizing either the Commissioning Power or Startup Power provisions of Tariff N.U.G.

DATA REQUEST

KPSC 2 87 Refer to the Kahn Direct Testimony, page 19.

- a. Explain how Kentucky Power will determine whether the requested lighting location will be reasonably accessible by Kentucky Power's trucks.
- b. If a requested location is considered not reasonably accessible by Kentucky Power's trucks, explain what other options will be available to the customer.

RESPONSE

- a. Reasonably accessible refers to locations which are accessible by road or driveway or are within such a distance to a road or driveway that the Company's bucket trucks are able to reach (this is approximately 25 to 30 ft). Locations that are not accessible via these means are likely to result in damage to the customer's and/or the Company's property. Further, this ensures that the Company can install and maintain lights safely and expeditiously.
- b. The Company will work with the customer to determine an alternative location that is reasonably accessible.

DATA REQUEST

KPSC 2_88 Refer to the Kahn Direct Testimony, page 20. Explain whether any customers have ever expressed confusion over the name of the Franchise Tariff.

RESPONSE

Yes. Customers have expressed confusion to the Company's customer service representatives over the name of the Franchise Tariff or why their relatives or friends do not have this charge on their bill Because these conversations are in person or on a call that is recorded (but assigned to a different matter based on other issues raised on the call), the Company is unable to determine the number of instances in which this specific issue has arisen over any period of time.

DATA REQUEST

- **KPSC 2_89** Refer to the Direct Testimony of Joshua D. Burkholder (Burkholder Direct Testimony), page 14.
 - a. Explain how the addition of new interruptible load and firm load to Kentucky Power's existing load will reduce its contribution to AEP's Zonal 1 CP peak.
 - b. Explain whether Kentucky Power interrupts its Tariff D.R.S customers in an effort to lower its contribution to the AEP 1 CP and its monthly 12 CPs.
 - c. Provide the dates of the AEP 1 CP and Kentucky Power's 12 CPs and the days and hours it interrupted its customers from January 2020 through July 2023.

RESPONSE

- a. Encouraging new loads to participate in interruptible programs for some portion or all of their load as applicable will help them contribute less to the Company's cost-causing peaks than would them taking firm tariff service from the Company.
- b. The Company calls peak shaving events to reduce its cost causing peaks which include the PJM 5CPs and the AEP Zone NSPL (1CP). Those peaks often are coincident with a number of the AEP Zone 12CPs.
- c. Please refer to KPCO R KPSC 2 89 Attachment1 for the requested information.

Witness: Joshua D. Burkholder

Witness: Alex E. Vaughan

DATA REQUEST

KPSC 2 90 Refer to the Burkholder Direct Testimony, page 14.

- a. Explain Kentucky Power's load interruption decision process in its efforts to lower its AEP Zonal 1 CP contribution.
- b. To the extent that the other AEP East operating companies interrupt load to lower their AEP Zonal 1 CP contribution, explain if these efforts are coordinated collectively at the AEP Service Corporation (AEPSC) level and if so, explain how these efforts are undertaken.
- c. Once a decision has been made to call for an interruption, explain whether Kentucky Power's interruptible customers are always called to interrupt the full contracted amount, as well as the other AEP East Operating Companies' interruptible customers. If not, explain how Kentucky Power/AEP decides how much load to interrupt.

RESPONSE

- a. The Company's peak shaving efforts are focused on the PJM summer 5CP hours and the AEP Zonal 1CP which has historically occurred in both the summer months as well as January and February. The Company's Commercial Operations group evaluates forecasted weather and load conditions for the AEP zone and PJM RTO for the immediate future (1-7 operating days ahead) and compares those expected load levels to historic CP levels. The Commercial Operations team then decides whether or not an interruption (peak shaving event) should be called based upon expected load and available peak shaving events left in the interruption year for the various programs/contracts.
- b. Yes, the efforts are coordinated across all AEP East Operating Companies by the AEP Service Corporation. Please see part a. for the discussion on how these efforts are undertaken.
- c. Yes, customers are called to, and required to, interrupt down to their contracted for firm service level during Company-initiated interruptions. The Company does not call for partial interruptions.

Witness: Joshua D. Burkholder Witness: Alex E. Vaughan

DATA REQUEST

KPSC 2 91 Refer to the Burkholder Direct Testimony, pages 14–15.

- a. Explain whether any of the solar projects will be constructed by a third party, to then be purchased, owned, and operated by Kentucky Power. If so, explain why that bypasses the PJM interconnection project queue.
- b. Explain whether the contracting of solar power purchase Agreements (PPAs) would lower Kentucky Power's contribution to the AEP Zonal 1 CP peak.
- c. Explain how solar projects or facilities lower Kentucky Power's contribution to AEP Zonal 1 CP peaks and whether it makes a difference if the Zonal peak occurs in the winter versus the summer season.

RESPONSE

- a. Regardless of who constructs a project, a distribution level generation asset (such as a qualifying facility under PURPA) that does not wish to participate directly in the wholesale energy and capacity markets of PJM can avoid having to go through PJM's generation interconnection queue.
- b. Regardless of who owns the project in question, the distinction of being a load reducer or a market facing PJM resource depends on the interconnection level (i.e., not interconnected at transmission level), each project's specific attributes, and adherence to PJM's rules for non-retail behind the meter generators.
- c. The proposed solar facilities would lower the Company's wholesale load settled with PJM as described in Company Witness Vaughan's Direct Testimony at page 29, beginning on line 8. The 1CP has occurred during the summer in 6 of the last 10 years; but yes, it does make a difference. Please see

KPCO_R_KPSC_2_1_Attachment20_VaughanWP3 for example calculations showing how the monthly (12 CPs) and summer 5CPs are impacted by this type of solar facility.

Witness: Alex E. Vaughan

DATA REQUEST

KPSC 2_92 Refer to the Burkholder Direct Testimony, page 15. Explain whether the Commission will be given the opportunity to provide comments on the PJM Transmission Cost study before any changes from the proposed study are implemented.

RESPONSE

Yes. The Company will provide informally a copy of the referenced study to Commission Staff once it is completed. The Company anticipates also that its affiliates will provide copies of the study to the staff of their respective state regulatory commissions, and that other stakeholders in Kentucky and other jurisdictions may also receive copies of the study. The Company will not seek to implement changes discussed or recommended in the study, if any, prior to the results of the study being evaluated by the Company, and subject to regulatory approvals at the Federal Energy Regulatory Commission ("FERC") to the extent applicable. Given its subject matter, the Company does not anticipate such changes, if any, would be implemented within a short time frame or without ample opportunity for stakeholders to be able to provide comments or advance positions in any applicable regulatory proceedings.

Witness: Joshua D. Burkholder

DATA REQUEST

KPSC 2_93 Refer to the Direct Testimony of Michael Adams (Adams Direct Testimony), pages 4-5. Explain in detail how the lead/lag study took into account Kentucky Power's stoppage of the sale of receivables and how that stoppage is accurately reflected in the lead/lag days. Provide any supporting calculations in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.

RESPONSE

The lead/lag study reflects the fact that the Company was not selling its receivables during the study period. See KPCO_R_KPSC_2_1_Attachment1_AdamsWP1 for the requested information.

Witness: Michael J. Adams

DATA REQUEST

KPSC 2 94 Refer to Adams Direct Testimony, page 7.

- a. Explain the difference between "average collections lag" and "median collection lag."
- b. Provide the calculation for the collections lag without the six additional days being requested by Kentucky Power for customer billing due dates. Provide any supporting calculations in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.

RESPONSE

- a. For purposes of this analysis, the average collections lag and the median collections lag were used interchangeably. With respect to the six additional days added to the collection lag, the six days were added to the average collection lag rather than the median collection lag as implied in the testimony.
- b. Please see KPCO_R_KPSC_2_94_Attachment1 for the requested information. With respect to the six additional days added to the collection lag, the six days were added to the average collection lag rather than the median collection lag as implied in the testimony.

Witness: Michael J. Adams

DATA REQUEST

KPSC 2_95 Refer to Adams Direct Testimony, page 11. Explain why Kentucky Power pays West Virginia unemployment tax and provide the number of employees covered by this tax.

RESPONSE

During the study period, there were six Kentucky Power employees who worked at the Mitchell Plant, which is located in West Virginia. The West Virginia unemployment tax was attributable to those employees and any compensation made to those employees.

Witness: Linda M. Schlessman

DATA REQUEST

KPSC 2_96 Refer to Adams Direct Testimony. Explain what a weighted dollar lead is, why is not used consistently throughout the study, and why there is no explanation as to when it is used.

RESPONSE

A "weighted lead" considers the relative importance (i.e., percent of total dollars) of a payment instead of treating each payment equally. Weighting was applied to each category included in the study and a "weighted dollar lead" is the same as a "weighted lead time".

Witness: Michael J. Adams

DATA REQUEST

- **KPSC 2 97** Refer to the Application, Section V, Exhibit 2, WP 23.
 - a. Provide the test-year revenue and expense amounts for each item.
 - b. Explain why line numbers 2 through 5 are revenue account numbers but are titled "Cost."
 - c. Confirm the level of "PJM LSE OATT" expenses that Kentucky Power proposes to include in base rates.

RESPONSE

- a. Please see KPCO_R_KPSC_2_1_Attachment36_WalshWP16, tab "Adj-Calc" column C for test year totals.
- b. "PJM LSE OATT" expense includes a combination of debits and credits to revenue and expense. For the purposes of this worksheet, the debits to revenue have been characterized as a "cost."
- c. Please see KPCO_R_KPSC_2_1_Attachment36_WalshWP16, tab "Adj-Calc" column D for total proposed PJM LSE OATT expense of \$136.4 million.

Witness: Katharine I. Walsh

DATA REQUEST

KPSC 2_98 Refer to Kentucky Power's Response to the July 5, 2023 Deficiency Letter, Exhibit 1, page 160 of 164. Explain why base fuel and the FAC are not included in the revenues to which all other customer Rider S.F.R. factor is applied while the same two items are included in the revenues to which the residential Rider S.F.R. factor is applied.

RESPONSE

Please see the Company's response to KPSC 2-78.

Witness: Michael M. Spaeth

DATA REQUEST

- **KPSC 2_99** Refer to Kentucky Power's response to Commission Staff's First Request for Information, Item 49.
 - a. Provide the total delayed payment charge amount assessed to residential customers for the period January 13, 2021, to the date that the computer coding issue was corrected.
 - b. Provide the total amount refunded to residential customers for the unauthorized collections of delayed payment charges after January 13, 2021.
 - c. Explain how Kentucky Power handled refunds for customers who had left the system prior to the refunds being issued.

RESPONSE

- a. The total amount charged to residential customers was \$26,391.44
- b. The Company refunded \$25,731.16 to residential customers. \$660.28 was not refunded to customers due to the accounts being closed and the customer leaving the system.
- b. The Company refunded \$25,731.16 to residential customers. There was \$660.28 that was not refunded to customers due to the accounts being closed and the customer leaving the system.
- c. For customers that have left the system entirely, the Company sent a check to the customer's last mailing address of record. If the Company could not locate the customer and/or the check is not cashed, the funds go into escheatment.

Witness: Scott E. Bishop

DATA REQUEST

KPSC Refer to Kentucky Power's response to Staff's First Request, Item 49, Attachment 1.

- a. Provide, by type of charge, the amount of non-recurring charge revenue included in the test year revenue requirement calculation.
- b. Explain whether any residential delayed payment charge revenues are included in the test year revenue requirement calculation.
- c. Confirm that the residential delayed payment charge amount listed in the test year column represents delayed payment charges assessed prior to September 22, 2022. If not confirmed, explain why not.

RESPONSE

- a. Please see KPCO_R_KPSC_2_100_Attachment1 for the requested information as it pertains to non-recurring charge amounts included in ledger accounts 4510001 and 4500000 during the test year.
- b. There was a net debit (decrease to revenue) of -\$27,915 which includes a credit to revenue of \$9,807 and a debit to revenue of -\$37,722.
- c. Confirmed.

Witness: Scott E. Bishop

Witness: Katharine I. Walsh

DATA REQUEST

KPSC Provide Kentucky Power's test-year revenues by account and subaccount. **2_101**

RESPONSE

Please refer to KPCO_R_KPSC_2_101_Attachment1 for the requested information.

Witness: Heather Whitney

DATA REQUEST

KPSC Provide the average number of customers on the utility's system (actual and projected) by rate schedule for the test year and two most recent calendar years.

RESPONSE

Please see KPCO_R_KPSC_2_102_Attachment1, KPCO_R_KPSC_2_102_Attachment2 and KPCO_R_KPSC_2_102_Attachment3. There are no customer number projections with respect to the Company's filed case.

Witness: Katharine I. Walsh



Table of Contents

Co/Tariff ······	3
Co/Revn······	6
Co/Tariff State · · · · · · · · · · · · · · · · · · ·	16
KENTUCKY POWER COMPANY	16
	16
VA Tariff B&A Non-Juris · · · · · 1	19
KENTUCKY POWER COMPANY 1	19
Co/Revn State · · · · · · · · · · · · · · · · · · ·	2(
	2(
	2(
CO/Revn State (OAD) ······	3(
	3(
CO/Revn State (SSO)	31
KENTUCKY POWER COMPANY	3
	32
	32
	33
	33
CO/Tariff EE ······	34
CO/Revn EE ······	37
	47
	47
	47
	5(
·	5(
	51
	5
	5
	61
	6
	52
	62
	63
	6.
	64



KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Page 2 of 64

KENTUCKY POWER COMPANY 64



American Electric Power KENTUCKY POWER COMPANY

TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01:28:39 M of 64
Go To TOC

December 2021

											Realization		
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
011	RSW-LMWH	269,645.93	12,977.85	256,668.08	1,998,851	0	0.0	119	0	0	13.49	12.84	0.00
012	RSW-A	27,527.59	1,203.12	26,324.47	209,873	0	0.0	10	0	0	13.12	12.54	0.00
013	RSW-B	2,579.47	103.13	2,476.34	19,773	0	0.0	1	0	0	13.05	12.52	0.00
014	RSW-C	24,925.57	1,285.99	23,639.58	187,966	0	0.0	14	0	0	13.26	12.58	0.00
015	RS	127,009,912.31	5,437,300.01	121,572,612.30	887,239,208	53,756	9,629.2	65,372	0	0	14.32	13.70	0.00
017	RS EMP	831,736.04	33,452.86	798,283.18	6,037,781	0	0.0	336	0	0	13.78	13.22	0.00
022	RSW-RS	147,977,488.03	6,632,544.27	141,344,943.76	1,055,627,965	52,170	18,990.0	67,797	0	0	14.02	13.39	0.00
028	AORH-W ON	14,359.39	660.80	13,698.59	110,886	72,780	0.0	6	0	0	12.95	12.35	0.00
030	RSW-ONPK	177,885.00	8,245.50	169,639.50	1,324,500	827,139	0.0	65	0	0	13.43	12.81	0.00
032	RS LM-ON	203,925.04	9,065.52	194,859.52	1,521,664	973,086	0.0	77	0	0	13.40	12.81	0.00
034	AORH-ON	1,563.20	69.82	1,493.38	12,002	7,117	0.0	2	0	0	13.02	12.44	0.00
036	RS-TOD-ON	11,998.99	568.79	11,430.20	88,812	55,133	0.0	4	0	0	13.51	12.87	0.00
093	OL 175 MV	107,193.88	3,550.16	103,643.72	498,322	0	0.0	0	578	610	21.51	20.80	67.06
094	OL 100 HP	2,819,138.64	67,298.00	2,751,840.64	9,606,282	0	0.0	0	19,224	20,811	29.35	28.65	58,511.36
095	OL 400 MV	24,225.72	966.11	23,259.61	136,188	0	0.0	0	53	75	17.79	17.08	0.00
097	OL 200 HP	338,490.79	11,810.28	326,680.51	1,612,326	0	0.0	0	1,285	1,668	20.99	20.26	10,313.47
098	OL 400 HP	87,424.13	3,786.01	83,638.12	487,804	0	0.0	0	109	255	17.92	17.15	3,772.83
099	OL175 MVP	1,038.22	33.99	1,004.23	4,174	0	0.0	0	3	5	24.87	24.06	0.00
103	OL 250 HP	633.00	25.91	607.09	2,724	0	0.0	0	1	2	23.24	22.29	0.00
107	OL 200HPF	396,555.55	12,075.98	384,479.57	1,672,924	0	0.0	0	1,214	1,716	23.70	22.98	11,522.77
109	OL400 HPF	1,436,749.48	56,628.80	1,380,120.68	7,825,633	0	0.0	0	1,707	4,057	18.36	17.64	36,504.04
110	OL 250 MH	45,980.20	1,392.75	44,587.45	186,380	0	0.0	0	82	160	24.67	23.92	2,013.75
111	OL100 HPP	194,210.53	2,741.67	191,468.86	377,959	0	0.0	0	211	808	51.38	50.66	1,577.81
113	OL 150 HP	3,565,409.89	101,341.90	3,464,067.99	14,631,269	0	0.0	0	19,427	21,913	24.37	23.68	156,516.43
116	OL 400 MH	345,442.55	13,253.94	332,188.61	1,714,888	0	0.0	0	298	946	20.14	19.37	9,626.84
120	OL 250HPP	867.34	20.68	846.66	2,331	0	0.0	0	2	2	37.21	36.32	0.00
122	OL150 HPP	25,501.49	349.98	25,151.51	46,245	0	0.0	0	16	68	55.14	54.39	0.00
126	OL 400HPP	1,791.36	42.06	1,749.30	5,846	0	0.0	0	2	3	30.64	29.92	0.00

AEP Internal Page 3 of 64



TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01:28:38 PM of 64
Go To TOC

December 2021

											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
130	OL 250MON	599.00	33.59	565.41	1,798	0	0.0	0	4	2	33.31	31.45	0.00
131	OL 1000MH	69,820.32	3,941.45	65,878.87	447,833	0	0.0	0	47	99	15.59	14.71	752.10
136	OL 400MON	5,164.99	148.65	5,016.34	21,444	0	0.0	0	5	12	24.09	23.39	45.07
150	55W LEDOL	180,057.47	6,751.15	173,306.32	488,799	0	0.0	0	1,510	1,634	36.84	35.46	6,415.75
160	65W LEDOL	34.88	1.38	33.50	49	0	0.0	0	0	0	71.18	68.37	0.00
204	GS-MTRD	222,279.26	5,896.86	216,382.40	1,000,300	0	0.0	434	0	0	22.22	21.63	0.00
211	GS SEC	26,382,062.24	842,141.41	25,539,920.83	137,812,475	159,153	224,277.5	22,568	0	0	19.14	18.53	0.00
212	GS-SEC M	795.85	21.81	774.04	3,091	0	0.0	1	0	0	25.75	25.04	0.00
213	GS-UMR	487,836.84	14,765.99	473,070.85	2,197,936	0	0.0	583	0	0	22.20	21.52	0.00
214	GS - AF	202,140.47	8,172.68	193,967.79	1,326,209	0	31,649.6	85	0	0	15.24	14.63	0.00
215	GS SEC	64,021,881.08	2,648,549.73	61,373,331.35	427,222,703	0	1,736,861.5	6,397	0	0	14.99	14.37	0.00
217	GS PRI	493,086.58	22,356.57	470,730.01	3,285,278	0	14,921.9	30	0	0	15.01	14.33	0.00
218	GS M SEC	30,486.43	1,657.21	28,829.22	207,791	0	687.2	1	0	0	14.67	13.87	0.00
220	GSCC PRI	892,765.78	38,615.78	854,150.00	6,403,190	0	22,919.4	44	0	0	13.94	13.34	0.00
223	GS LM ON	120,622.53	5,532.66	115,089.87	826,089	526,464	0.0	40	0	0	14.60	13.93	0.00
225	GS LM TOD	127,688.64	5,196.23	122,492.41	873,222	523,680	0.0	31	0	0	14.62	14.03	0.00
227	EXP GSTOD	1,440,336.98	53,015.56	1,387,321.42	8,438,005	7,217,463	0.0	499	0	0	17.07	16.44	0.00
229	GS-TOD	1,055,672.67	47,846.01	1,007,826.66	7,745,560	4,893,211	3,280.3	138	0	0	13.63	13.01	0.00
236	GSCC SUB	93,104.59	2,010.25	91,094.34	588,282	0	1,865.6	5	0	0	15.83	15.48	0.00
240	LGS SEC	38,003,070.31	1,779,510.69	36,223,559.62	290,940,976	0	838,193.0	389	0	0	13.06	12.45	0.00
242	LGS M SEC	865,459.08	40,908.00	824,551.08	6,976,149	0	16,782.0	7	0	0	12.41	11.82	0.00
244	LGS PRI	9,096,794.71	496,595.95	8,600,198.76	74,839,757	76,800	244,227.0	59	0	0	12.16	11.49	0.00
246	LGS M PRI	72,853.80	3,171.97	69,681.83	620,782	0	1,924.0	1	0	0	11.74	11.22	0.00
248	LGS SUB	1,592,930.78	116,314.59	1,476,616.19	18,011,918	0	50,308.0	9	0	0	8.84	8.20	0.00
250	LGS TRAN	20,623.54	175.75	20,447.79	219,000	0	476.0	1	0	0	9.42	9.34	0.00
251	LGS-LM-TD	231,562.09	14,230.89	217,331.20	1,735,872	1,008,760	0.0	7	0	0	13.34	12.52	0.00
256	LGSSECTOD	616,631.89	32,611.12	584,020.77	5,255,555	3,374,352	11,395.0	6	0	0	11.73	11.11	0.00
257	LGSPRITOD	233,068.02	14,546.10	218,521.92	2,154,789	1,164,000	3,660.0	1	0	0	10.82	10.14	0.00

AEP Internal Page 4 of 64



TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01:28:19 PM of 64
Go To TOC

December 2021

											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
260	PS SEC	12,788,967.40	556,922.63	12,232,044.77	90,009,516	0	344,819.0	144	0	0	14.21	13.59	0.00
264	PS PRI	230,691.90	12,210.51	218,481.39	1,900,413	0	6,926.0	1	0	0	12.14	11.50	0.00
330	CS-IRP PR	3,516,301.15	120,909.66	3,395,391.49	25,957,168	0	106,187.0	5	0	0	13.55	13.08	0.00
331	CS-IRP ST	5,839,111.00	27,050.00	5,812,061.00	121,447,277	0	19,147.0	1	0	0	4.81	4.79	0.00
332	CS-IRP TR	1,389,019.58	83,844.81	1,305,174.77	17,190,049	0	47,460.0	1	0	0	8.08	7.59	0.00
333	CS-IRP	2,715,328.60	208,135.04	2,507,193.56	36,884,466	0	103,464.0	1	0	0	7.36	6.80	0.00
356	IGS SEC	2,168,447.67	124,120.40	2,044,327.27	19,889,607	0	42,260.0	6	0	0	10.90	10.28	0.00
358	IGS PRI	25,670,795.28	1,435,419.52	24,235,375.76	244,632,062	0	598,086.0	35	0	0	10.49	9.91	0.00
359	IGS SUB	11,569,854.85	550,492.98	11,019,361.87	101,492,166	-2,110,500	378,300.0	12	0	0	11.40	10.86	0.00
360	IGS	1,173,905.11	39,510.36	1,134,394.75	9,115,000	-883,000	35,145.0	1	0	0	12.88	12.45	0.00
370	IGS	917,307.73	65,895.01	851,412.72	10,883,400	-6,472,800	20,686.8	1	0	0	8.43	7.82	0.00
371	IGS	72,428,460.04	5,063,615.50	67,364,844.54	1,206,817,133	-98,466,000	1,724,047.0	4	0	0	6.00	5.58	0.00
372	IGS	12,403,529.93	1,456,453.97	10,947,075.96	203,981,729	0	312,714.0	1	0	0	6.08	5.37	0.00
528	SL	1,787,644.07	40,931.77	1,746,712.30	8,462,724	0	0.0	55	0	0	21.12	20.64	0.00
540	MW	226,491.72	12,788.02	213,703.70	1,810,856	0	2,722.9	9	0	0	12.51	11.80	0.00
Grand T	otal - Summary	587,329,486.18	28,415,816.09	558,913,670.09	5,093,308,994	-86,947,236	6,974,011.9	165,416	45,778	54,847	11.53	10.97	297,639.28

AEP Internal Page 5 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01:28:19 PM
Go To TOC

December 2021

												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
010	011	RSW-LMWH	78,891.62	3,636.10	75,255.52	571,403	0	0.0	43	0	0	13.81	13.17	0.00
	014	RSW-C	16,673.84	813.50	15,860.34	123,131	0	0.0	11	0	0	13.54	12.88	0.00
	015	RS	63,042,241.88	2,521,948.56	60,520,293.32	429,211,177	3,937	5,280.5	37,213	0	0	14.69	14.10	0.00
	022	RSW-RS	22,583,960.49	956,702.04	21,627,258.45	156,625,718	0	686.0	12,253	0	0	14.42	13.81	0.00
	036	RS-TOD-ON	1,267.30	31.71	1,235.59	5,572	3,173	0.0	2	0	0	22.74	22.17	0.00
	093	OL 175 MV	53,351.80	1,777.91	51,573.89	249,446	0	0.0	0	308	308	21.39	20.68	67.06
	094	OL 100 HP	1,074,051.53	25,709.71	1,048,341.82	3,688,776	0	0.0	0	7,534	7,994	29.12	28.42	18,009.92
	095	OL 400 MV	1,914.92	73.86	1,841.06	11,124	0	0.0	0	4	6	17.21	16.55	0.00
	097	OL 200 HP	65,735.49	2,319.13	63,416.36	322,924	0	0.0	0	313	336	20.36	19.64	1,169.88
	098	OL 400 HP	3,459.08	150.08	3,309.00	20,713	0	0.0	0	11	11	16.70	15.98	12.53
	107	OL 200HPF	53,368.99	1,714.21	51,654.78	235,098	0	0.0	0	202	242	22.70	21.97	954.51
	109	OL400 HPF	59,332.34	2,514.64	56,817.70	336,378	0	0.0	0	112	175	17.64	16.89	729.54
	110	OL 250 MH	4,108.52	154.94	3,953.58	18,115	0	0.0	0	15	15	22.68	21.82	0.00
	111	OL100 HPP	6,169.78	95.78	6,074.00	12,478	0	0.0	0	15	26	49.45	48.68	67.09
	113	OL 150 HP	978,347.34	28,086.16	950,261.18	4,063,075	0	0.0	0	5,541	6,080	24.08	23.39	37,954.70
	116	OL 400 MH	5,859.31	224.01	5,635.30	30,396	0	0.0	0	13	16	19.28	18.54	131.50
	122	OL150 HPP	720.69	9.04	711.65	1,370	0	0.0	0	2	2	52.61	51.95	0.00
	130	OL 250MON	321.94	9.26	312.68	1,139	0	0.0	0	1	1	28.27	27.45	0.00
	131	OL 1000MH	1,535.09	90.36	1,444.73	10,435	0	0.0	0	2	2	14.71	13.85	0.00
	136	OL 400MON	427.13	9.83	417.30	1,889	0	0.0	0	1	1	22.61	22.09	0.00
	150	55W LEDOL	54,333.66	2,097.22	52,236.44	149,475	0	0.0	0	472	498	36.35	34.95	1,606.07
	211	GS SEC	693.41	1.70	691.71	5,492	0	0.0	0	0	0	12.63	12.59	0.00
Total 010			88,086,766.15	3,548,169.75	84,538,596.40	595,695,324	7,110	5,966.5	49,522	14,546	15,715	14.79	14.19	60,702.80
020	011	RSW-LMWH	190,754.31	9,341.75	181,412.56	1,427,448	0	0.0	76	0	0	13.36	12.71	0.00
	012	RSW-A	27,527.59	1,203.12	26,324.47	209,873	0	0.0	10	0	0	13.12	12.54	0.00
	013	RSW-B	2,579.47	103.13	2,476.34	19,773	0	0.0	1	0	0	13.05	12.52	0.00
	014	RSW-C	8,251.73	472.49	7,779.24	64,835	0	0.0	2	0	0	12.73	12.00	0.00
	015	RS	63,966,356.35	2,915,309.30	61,051,047.05	458,019,954	49,819	4,348.7	28,158	0	0	13.97	13.33	0.00
	017	RS EMP	831,736.04	33,452.86	798,283.18	6,037,781	0	0.0	336	0	0	13.78	13.22	0.00

AEP Internal Page 6 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102

Attachment 1
Prepared: 01/10/2022 01:28:19 PM
Go To TOC

December 2021

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
020	022	RSW-RS	125,393,509.65	5,675,842.23	119,717,667.42	899,002,247	52,170	18,304.0	55,544	0	0	13.95	13.32	0.00
	028	AORH-W ON	14,359.39	660.80	13,698.59	110,886	72,780	0.0	6	0	0	12.95	12.35	0.00
	030	RSW-ONPK	177,885.00	8,245.50	169,639.50	1,324,500	827,139	0.0	65	0	0	13.43	12.81	0.00
	032	RS LM-ON	203,925.04	9,065.52	194,859.52	1,521,664	973,086	0.0	77	0	0	13.40	12.81	0.00
	034	AORH-ON	1,563.20	69.82	1,493.38	12,002	7,117	0.0	2	0	0	13.02	12.44	0.00
	036	RS-TOD-ON	10,731.69	537.08	10,194.61	83,240	51,960	0.0	2	0	0	12.89	12.25	0.00
	093	OL 175 MV	26,979.66	903.67	26,075.99	126,897	0	0.0	0	150	154	21.26	20.55	0.00
	094	OL 100 HP	1,474,890.41	35,350.69	1,439,539.72	5,033,385	0	0.0	0	10,233	10,918	29.30	28.60	34,091.81
	095	OL 400 MV	950.73	42.26	908.47	5,487	0	0.0	0	3	3	17.33	16.56	0.00
	097	OL 200 HP	105,049.93	3,727.07	101,322.86	516,891	0	0.0	0	497	533	20.32	19.60	1,963.20
	098	OL 400 HP	9,288.02	386.69	8,901.33	54,946	0	0.0	0	26	28	16.90	16.20	177.45
	107	OL 200HPF	77,748.44	2,380.52	75,367.92	336,111	0	0.0	0	305	345	23.13	22.42	2,313.06
	109	OL400 HPF	80,572.99	3,302.05	77,270.94	459,449	0	0.0	0	196	241	17.54	16.82	1,569.95
	110	OL 250 MH	4,179.55	151.83	4,027.72	18,203	0	0.0	0	13	16	22.96	22.13	67.14
	111	OL100 HPP	27,965.31	396.69	27,568.62	55,818	0	0.0	0	96	119	50.10	49.39	531.04
	113	OL 150 HP	2,049,477.17	58,691.44	1,990,785.73	8,512,874	0	0.0	0	11,697	12,768	24.08	23.39	79,012.15
	116	OL 400 MH	6,559.57	259.07	6,300.50	34,525	0	0.0	0	15	19	19.00	18.25	43.05
	120	OL 250HPP	432.06	10.17	421.89	1,195	0	0.0	0	1	1	36.16	35.30	0.00
	122	OL150 HPP	1,413.31	20.37	1,392.94	2,678	0	0.0	0	4	4	52.77	52.01	0.00
	126	OL 400HPP	579.04	15.08	563.96	1,936	0	0.0	0	1	1	29.91	29.13	0.00
	130	OL 250MON	-371.56	11.49	-383.05	-1,479	0	0.0	0	0	-1	25.12	25.90	0.00
	131	OL 1000MH	3,338.64	315.74	3,022.90	23,232	0	0.0	0	1	4	14.37	13.01	0.00
	136	OL 400MON	858.08	19.64	838.44	3,516	0	0.0	0	2	2	24.41	23.85	0.00
	150	55W LEDOL	106,422.62	3,956.96	102,465.66	288,547	0	0.0	0	913	966	36.88	35.51	4,055.28
	160	65W LEDOL	34.88	1.38	33.50	49	0	0.0	0	0	0	71.18	68.37	0.00
	211	GS SEC	7,583.25	-39.68	7,622.93	52,932	0	16.3	3	0	0	14.33	14.40	0.00
	215	GS SEC	550.75	-13.77	564.52	3,721	0	19.5	0	0	0	14.80	15.17	0.00
Total 020			194,813,682.31	8,764,192.96	186,049,489.35	1,383,365,116	2,034,071	22,688.5	84,282	24,154	26,120	14.08	13.45	123,824.13
211	015	RS	59.60	0.52	59.08	150	0	0.0	0	0	0	39.73	39.39	0.00

AEP Internal Page 7 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01:28:19 PM
Go To TOC

December 2021

												Realiz	zation	
ev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
1	022	RSW-RS	17.89	0.00	17.89	0	0	0.0	0	0	0	0.00	0.00	0.0
	093	OL 175 MV	15,674.16	493.48	15,180.68	71,098	0	0.0	0	71	87	22.05	21.35	0.0
	094	OL 100 HP	182,088.24	4,189.36	177,898.88	595,569	0	0.0	0	1,036	1,281	30.57	29.87	4,327.2
	095	OL 400 MV	10,243.67	394.28	9,849.39	57,213	0	0.0	0	25	32	17.90	17.22	0.0
	097	OL 200 HP	94,454.60	3,336.73	91,117.87	437,842	0	0.0	0	284	453	21.57	20.81	3,454.7
	098	OL 400 HP	22,132.15	903.09	21,229.06	126,104	0	0.0	0	38	66	17.55	16.83	568.5
	099	OL175 MVP	831.14	26.95	804.19	3,344	0	0.0	0	2	4	24.85	24.05	0.0
	103	OL 250 HP	633.00	25.91	607.09	2,724	0	0.0	0	1	2	23.24	22.29	0.0
	107	OL 200HPF	140,536.16	4,292.09	136,244.07	583,030	0	0.0	0	391	601	24.10	23.37	4,214.6
	109	OL400 HPF	637,870.58	25,134.26	612,736.32	3,471,356	0	0.0	0	752	1,800	18.38	17.65	14,489.2
	110	OL 250 MH	16,984.75	500.44	16,484.31	68,180	0	0.0	0	34	58	24.91	24.18	781.7
	111	OL100 HPP	46,914.75	668.75	46,246.00	90,297	0	0.0	0	33	194	51.96	51.22	499.2
	113	OL 150 HP	351,834.02	9,632.38	342,201.64	1,368,028	0	0.0	0	1,568	2,037	25.72	25.01	21,182.2
	116	OL 400 MH	189,710.46	7,152.46	182,558.00	941,808	0	0.0	0	152	518	20.14	19.38	5,241.6
	122	OL150 HPP	3,427.57	51.48	3,376.09	5,979	0	0.0	0	1	10	57.33	56.47	0.0
	126	OL 400HPP	1,212.32	26.98	1,185.34	3,910	0	0.0	0	1	2	31.01	30.32	0.0
	130	OL 250MON	648.62	12.84	635.78	2,138	0	0.0	0	2	2	30.34	29.74	0.0
	131	OL 1000MH	35,551.79	2,078.93	33,472.86	226,678	0	0.0	0	25	49	15.68	14.77	483.5
	136	OL 400MON	3,879.78	119.18	3,760.60	16,039	0	0.0	0	2	9	24.19	23.45	45.0
	150	55W LEDOL	13,775.31	510.66	13,264.65	36,747	0	0.0	0	94	123	37.49	36.10	442.0
	204	GS-MTRD	207,971.17	5,798.96	202,172.21	982,865	0	0.0	377	0	0	21.16	20.57	0.0
	211	GS SEC	18,400,793.85	569,867.53	17,830,926.32	93,093,790	60,509	122,034.9	17,002	0	0	19.77	19.15	0.0
	212	GS-SEC M	795.85	21.81	774.04	3,091	0	0.0	1	0	0	25.75	25.04	0.0
	213	GS-UMR	376,704.64	10,435.21	366,269.43	1,715,452	0	0.0	434	0	0	21.96	21.35	0.0
	214	GS - AF	4,694.01	77.64	4,616.37	18,603	0	1,582.1	6	0	0	25.23	24.82	0.0
	215	GS SEC	30,232,366.93	1,230,829.73	29,001,537.20	203,298,540	0	804,474.9	3,090	0	0	14.87	14.27	0.0
	217	GS PRI	169,359.77	9,802.06	159,557.71	1,218,725	0	3,619.4	8	0	0	13.90	13.09	0.0
	220	GSCC PRI	58,853.70	1,986.80	56,866.90	441,543	0	1,411.8	3	0	0	13.33	12.88	0.0
	223	GS LM ON	7,245.09	261.73	6,983.36	42,776	23,830	0.0	4	0	0	16.94	16.33	0.0

AEP Internal Page 8 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01:28:19 PM
Go To TOC

December 2021

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
211	225	GS LM TOD	1,988.17	51.29	1,936.88	9,485	5,655	0.0	2	0	0	20.96	20.42	0.00
	227	EXP GSTOD	951,848.37	34,986.32	916,862.05	5,492,676	4,700,685	0.0	362	0	0	17.33	16.69	0.00
	229	GS-TOD	449,018.62	21,325.07	427,693.55	3,189,731	1,835,282	3,280.3	57	0	0	14.08	13.41	0.00
	240	LGS SEC	10,837,237.29	519,472.21	10,317,765.08	86,140,638	0	215,596.0	112	0	0	12.58	11.98	0.00
	244	LGS PRI	1,511,142.45	95,931.80	1,415,210.65	13,334,589	0	32,750.0	10	0	0	11.33	10.61	0.00
	248	LGS SUB	559,575.18	60,054.49	499,520.69	5,848,934	0	16,476.0	4	0	0	9.57	8.54	0.00
	256	LGSSECTOD	378,375.63	18,730.66	359,644.97	3,268,322	1,967,728	7,184.0	4	0	0	11.58	11.00	0.00
	356	IGS SEC	1,525,621.05	86,593.24	1,439,027.81	15,418,847	0	30,783.0	4	0	0	9.89	9.33	0.00
	358	IGS PRI	6,824,030.07	429,004.43	6,395,025.64	81,674,399	0	147,090.0	8	0	0	8.36	7.83	0.00
	359	IGS SUB	1,342,511.83	116,151.33	1,226,360.50	18,609,276	0	34,806.0	3	0	0	7.21	6.59	0.00
Total 211			75,608,614.23	3,270,933.08	72,337,681.15	541,910,516	8,593,689	1,421,088.4	21,491	4,513	7,327	13.95	13.35	55,729.86
212	015	RS	1,254.48	41.63	1,212.85	7,927	0	0.0	1	0	0	15.83	15.30	0.00
	093	OL 175 MV	2,383.75	87.65	2,296.10	10,798	0	0.0	0	13	13	22.08	21.26	0.00
	094	OL 100 HP	41,586.78	939.07	40,647.71	135,878	0	0.0	0	232	292	30.61	29.91	1,061.83
	095	OL 400 MV	3,942.20	152.71	3,789.49	22,191	0	0.0	0	7	12	17.76	17.08	0.00
	097	OL 200 HP	28,176.01	951.77	27,224.24	129,278	0	0.0	0	104	136	21.79	21.06	1,209.27
	098	OL 400 HP	10,310.19	482.98	9,827.21	57,752	0	0.0	0	14	30	17.85	17.02	359.37
	099	OL175 MVP	207.08	7.04	200.04	830	0	0.0	0	1	1	24.95	24.10	0.00
	107	OL 200HPF	57,065.84	1,705.69	55,360.15	237,679	0	0.0	0	157	243	24.01	23.29	1,664.77
	109	OL400 HPF	245,724.79	9,781.29	235,943.50	1,327,408	0	0.0	0	287	691	18.51	17.77	6,926.61
	110	OL 250 MH	12,284.44	349.11	11,935.33	46,759	0	0.0	0	9	41	26.27	25.53	1,030.64
	111	OL100 HPP	6,112.02	90.26	6,021.76	11,431	0	0.0	0	6	24	53.47	52.68	230.44
	113	OL 150 HP	99,068.91	2,719.12	96,349.79	375,327	0	0.0	0	393	560	26.40	25.67	8,021.22
	116	OL 400 MH	66,229.05	2,410.03	63,819.02	326,306	0	0.0	0	63	179	20.30	19.56	2,341.69
	131	OL 1000MH	19,759.39	1,034.55	18,724.84	126,003	0	0.0	0	8	29	15.68	14.86	134.24
	150	55W LEDOL	3,221.68	109.59	3,112.09	8,087	0	0.0	0	20	27	39.84	38.48	217.37
	211	GS SEC	3,940,949.60	140,549.41	3,800,400.19	23,214,137	12,705	57,991.1	2,314	0	0	16.98	16.37	0.00
	215	GS SEC	19,824,841.67	811,333.87	19,013,507.80	130,681,462	0	570,651.5	2,116	0	0	15.17	14.55	0.00
	217	GS PRI	122,415.72	5,554.05	116,861.67	925,482	0	2,658.2	5	0	0	13.23	12.63	0.00

AEP Internal Page 9 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
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Prepared: 01/10/2022 01-28-19 PM
Go To TOC

December 2021

												Decembe	2021	
												Realiz	ation	
lev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
12	220	GSCC PRI	53,131.35	4,225.57	48,905.78	423,978	0	660.0	1	0	0	12.53	11.53	0.00
	223	GS LM ON	100,826.30	4,643.94	96,182.36	687,230	429,605	0.0	33	0	0	14.67	14.00	0.00
	225	GS LM TOD	36,337.95	1,186.33	35,151.62	208,922	123,731	0.0	23	0	0	17.39	16.83	0.00
	227	EXP GSTOD	488,488.61	18,029.24	470,459.37	2,945,329	2,516,778	0.0	137	0	0	16.59	15.97	0.00
	229	GS-TOD	316,433.89	14,289.80	302,144.09	2,273,050	1,421,270	0.0	53	0	0	13.92	13.29	0.00
	240	LGS SEC	13,035,562.56	617,943.55	12,417,619.01	102,475,333	0	271,008.0	129	0	0	12.72	12.12	0.00
	242	LGS M SEC	165,323.13	7,827.18	157,495.95	1,340,923	0	3,385.0	1	0	0	12.33	11.75	0.00
	244	LGS PRI	829,997.08	41,969.88	788,027.20	7,459,310	0	19,509.0	6	0	0	11.13	10.56	0.00
	248	LGS SUB	197,488.69	16,771.86	180,716.83	2,315,929	0	5,706.0	1	0	0	8.53	7.80	0.00
	251	LGS-LM-TD	110,491.16	4,567.87	105,923.29	831,923	467,880	0.0	4	0	0	13.28	12.73	0.00
	358	IGS PRI	860,340.87	63,685.15	796,655.72	9,203,997	0	18,115.0	2	0	0	9.35	8.66	0.00
Total 212			40,679,955.19	1,773,440.19	38,906,515.00	287,810,659	4,971,969	949,683.8	4,826	1,314	2,278	14.13	13.52	23,197.45
213	093	OL 175 MV	1,101.68	33.73	1,067.95	5,029	0	0.0	0	6	6	21.91	21.24	0.00
	094	OL 100 HP	6,719.14	169.00	6,550.14	22,638	0	0.0	0	26	48	29.68	28.93	0.00
	095	OL 400 MV	1,314.42	50.93	1,263.49	7,393	0	0.0	0	3	4	17.78	17.09	0.00
	097	OL 200 HP	6,122.77	203.16	5,919.61	28,408	0	0.0	0	19	29	21.55	20.84	244.50
	098	OL 400 HP	3,891.67	176.51	3,715.16	19,914	0	0.0	0	4	12	19.54	18.66	345.79
	107	OL 200HPF	21,523.74	658.31	20,865.43	89,949	0	0.0	0	46	92	23.93	23.20	557.64
	109	OL400 HPF	151,601.47	5,720.29	145,881.18	813,726	0	0.0	0	95	420	18.63	17.93	5,441.47
	110	OL 250 MH	1,178.19	37.01	1,141.18	4,647	0	0.0	0	3	4	25.35	24.56	67.11
	111	OL100 HPP	6,988.69	92.36	6,896.33	13,636	0	0.0	0	4	29	51.25	50.57	0.00
	113	OL 150 HP	11,171.45	293.75	10,877.70	39,007	0	0.0	0	29	58	28.64	27.89	1,610.28
	116	OL 400 MH	26,898.22	1,122.35	25,775.87	130,781	0	0.0	0	19	79	20.57	19.71	733.37
	131	OL 1000MH	766.01	22.95	743.06	4,529	0	0.0	0	1	1	16.91	16.41	67.22
	150	55W LEDOL	251.39	9.62	241.77	702	0	0.0	0	2	2	35.81	34.44	0.00
	211	GS SEC	385,649.92	14,377.37	371,272.55	2,175,536	0	5,445.8	249	0	0	17.73	17.07	0.00
	214	GS - AF	143,195.98	6,299.67	136,896.31	940,141	0	22,325.9	59	0	0	15.23	14.56	0.00
	215	GS SEC	2,962,291.17	132,889.65	2,829,401.52	19,657,733	0	76,148.3	218	0	0	15.07	14.39	0.00
	217	GS PRI	1,189.56	131.44	1,058.12	7,442	0	16.2	0	0	0	15.98	14.22	0.00

AEP Internal Page 10 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01-28-19 PM
Go To TOC

December 2021

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
213	223	GS LM ON	9,162.85	453.11	8,709.74	76,149	60,320	0.0	1	0	0	12.03	11.44	0.00
	240	LGS SEC	2,074,921.92	88,682.54	1,986,239.38	14,674,212	0	54,621.0	30	0	0	14.14	13.54	0.00
	244	LGS PRI	289,419.19	22,490.20	266,928.99	2,236,540	0	8,076.0	2	0	0	12.94	11.93	0.00
	260	PS SEC	12,788,967.40	556,922.63	12,232,044.77	90,009,516	0	344,819.0	144	0	0	14.21	13.59	0.00
	264	PS PRI	230,691.90	12,210.51	218,481.39	1,900,413	0	6,926.0	1	0	0	12.14	11.50	0.00
	358	IGS PRI	399,734.71	20,466.77	379,267.94	3,516,175	0	9,324.0	1	0	0	11.37	10.79	0.00
	359	IGS SUB	229,405.21	11,569.52	217,835.69	1,796,041	0	5,865.0	1	0	0	12.77	12.13	0.00
Total 213			19,754,158.65	875,083.38	18,879,075.27	138,170,257	60,320	533,567.2	706	257	783	14.30	13.66	9,067.38
216	093	OL 175 MV	6,035.10	202.48	5,832.62	27,431	0	0.0	0	23	33	22.00	21.26	0.00
	094	OL 100 HP	29,908.05	697.33	29,210.72	97,224	0	0.0	0	125	208	30.76	30.04	886.48
	095	OL 400 MV	4,543.09	193.94	4,349.15	25,421	0	0.0	0	8	14	17.87	17.11	0.00
	097	OL 200 HP	26,159.56	858.51	25,301.05	117,292	0	0.0	0	54	120	22.30	21.57	1,809.79
	098	OL 400 HP	37,680.96	1,659.68	36,021.28	204,465	0	0.0	0	15	107	18.43	17.62	2,309.19
	107	OL 200HPF	39,099.45	1,112.48	37,986.97	159,996	0	0.0	0	93	162	24.44	23.74	1,794.16
	109	OL400 HPF	172,576.07	6,634.19	165,941.88	934,213	0	0.0	0	197	481	18.47	17.76	4,960.14
	110	OL 250 MH	5,588.64	146.22	5,442.42	23,467	0	0.0	0	7	20	23.81	23.19	67.15
	111	OL100 HPP	76,476.21	1,099.59	75,376.62	148,281	0	0.0	0	36	318	51.58	50.83	249.96
	113	OL 150 HP	59,368.61	1,474.59	57,894.02	213,155	0	0.0	0	150	321	27.85	27.16	7,157.56
	116	OL 400 MH	35,215.03	1,511.18	33,703.85	174,253	0	0.0	0	21	94	20.21	19.34	1,135.61
	120	OL 250HPP	435.28	10.51	424.77	1,136	0	0.0	0	1	1	38.32	37.39	0.00
	122	OL150 HPP	16,930.58	232.55	16,698.03	30,777	0	0.0	0	7	44	55.01	54.25	0.00
	131	OL 1000MH	5,451.80	266.60	5,185.20	34,585	0	0.0	0	6	8	15.76	14.99	67.14
	150	55W LEDOL	1,700.64	55.86	1,644.78	4,376	0	0.0	0	7	14	38.86	37.59	71.44
	204	GS-MTRD	10,989.42	49.66	10,939.76	9,627	0	0.0	46	0	0	114.15	113.64	0.00
	211	GS SEC	2,717,863.05	89,528.14	2,628,334.91	14,761,997	85,939	30,688.4	2,100	0	0	18.41	17.80	0.00
	213	GS-UMR	110,902.07	4,330.46	106,571.61	482,425	0	0.0	149	0	0	22.99	22.09	0.00
	214	GS - AF	54,250.48	1,795.37	52,455.11	367,465	0	7,741.6	20	0	0	14.76	14.27	0.00
	215	GS SEC	8,716,564.47	367,038.45	8,349,526.02	58,656,642	0	223,006.2	747	0	0	14.86	14.23	0.00
	217	GS PRI	80,848.83	2,276.74	78,572.09	419,964	0	4,463.2	4	0	0	19.25	18.71	0.00

AEP Internal Page 11 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
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Prepared: 01/10/2022 012819 PM
Go To TOC

December 2021

												Decembe	2021	
												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
216	218	GS M SEC	30,486.43	1,657.21	28,829.22	207,791	0	687.2	1	0	0	14.67	13.87	0.00
	223	GS LM ON	3,388.29	173.88	3,214.41	19,934	12,709	0.0	2	0	0	17.00	16.13	0.00
	225	GS LM TOD	89,362.52	3,958.61	85,403.91	654,815	394,294	0.0	6	0	0	13.65	13.04	0.00
	229	GS-TOD	290,220.16	12,231.14	277,989.02	2,282,779	1,636,659	0.0	28	0	0	12.71	12.18	0.00
	240	LGS SEC	7,530,909.45	355,126.22	7,175,783.23	58,847,092	0	156,386.0	69	0	0	12.80	12.19	0.00
	242	LGS M SEC	700,135.95	33,080.82	667,055.13	5,635,226	0	13,397.0	6	0	0	12.42	11.84	0.00
	244	LGS PRI	488,671.40	24,422.23	464,249.17	4,081,345	0	13,537.0	4	0	0	11.97	11.37	0.00
	246	LGS M PRI	72,853.80	3,171.97	69,681.83	620,782	0	1,924.0	1	0	0	11.74	11.22	0.00
	251	LGS-LM-TD	120,004.87	9,660.43	110,344.44	903,621	540,480	0.0	2	0	0	13.28	12.21	0.00
	256	LGSSECTOD	238,256.26	13,880.46	224,375.80	1,987,233	1,406,624	4,211.0	2	0	0	11.99	11.29	0.00
	358	IGS PRI	2,140,556.64	139,752.97	2,000,803.67	22,607,677	0	47,286.0	4	0	0	9.47	8.85	0.00
	540	MW	226,491.72	12,788.02	213,703.70	1,810,856	0	2,722.9	9	0	0	12.51	11.80	0.00
Total 216			24,139,924.88	1,091,078.49	23,048,846.39	176,553,343	4,076,705	506,050.5	3,199	751	1,946	13.67	13.05	20,508.62
221	093	OL 175 MV	1,298.64	36.99	1,261.65	5,953	0	0.0	0	7	7	21.81	21.19	0.00
	094	OL 100 HP	8,359.51	205.91	8,153.60	27,633	0	0.0	0	31	59	30.25	29.51	134.04
	095	OL 400 MV	986.31	46.97	939.34	5,486	0	0.0	0	2	3	17.98	17.12	0.00
	097	OL 200 HP	7,459.94	258.33	7,201.61	34,918	0	0.0	0	9	36	21.36	20.62	222.07
	098	OL 400 HP	662.06	26.98	635.08	3,910	0	0.0	0	1	2	16.93	16.24	0.00
	107	OL 200HPF	5,812.43	175.91	5,636.52	25,104	0	0.0	0	14	26	23.15	22.45	0.00
	109	OL400 HPF	66,632.69	2,791.72	63,840.97	360,611	0	0.0	0	44	187	18.48	17.70	1,753.92
	110	OL 250 MH	1,656.11	53.20	1,602.91	7,009	0	0.0	0	1	6	23.63	22.87	0.00
	111	OL100 HPP	1,393.06	24.91	1,368.15	2,669	0	0.0	0	1	6	52.19	51.26	0.00
	113	OL 150 HP	8,790.01	245.72	8,544.29	32,394	0	0.0	0	24	48	27.13	26.38	882.58
	116	OL 400 MH	13,912.41	546.37	13,366.04	71,329	0	0.0	0	13	39	19.50	18.74	0.00
	131	OL 1000MH	2,741.44	100.96	2,640.48	18,004	0	0.0	0	2	4	15.23	14.67	0.00
	150	55W LEDOL	263.61	8.47	255.14	625	0	0.0	0	1	2	42.18	40.82	23.56
	204	GS-MTRD	1,654.45	48.09	1,606.36	7,797	0	0.0	3	0	0	21.22	20.60	0.00
	211	GS SEC	667,658.62	21,349.73	646,308.89	3,416,337	0	5,979.1	582	0	0	19.54	18.92	0.00
	215	GS SEC	1,591,791.27	77,069.74	1,514,721.53	10,445,393	0	42,427.9	144	0	0	15.24	14.50	0.00

AEP Internal Page 12 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01-28-19 PM
Go To TOC

December 2021

												Decembe	1 2021	
												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
221	217	GS PRI	110,232.67	4,452.14	105,780.53	674,038	0	4,002.9	10	0	0	16.35	15.69	0.00
	220	GSCC PRI	236,356.95	10,342.51	226,014.44	1,800,365	0	4,872.2	11	0	0	13.13	12.55	0.00
	240	LGS SEC	3,500,760.37	152,406.54	3,348,353.83	22,805,658	0	105,418.0	36	0	0	15.35	14.68	0.00
	244	LGS PRI	2,194,973.35	147,762.98	2,047,210.37	18,324,736	0	56,037.0	14	0	0	11.98	11.17	0.00
	248	LGS SUB	195,775.53	9,558.06	186,217.47	2,289,665	0	6,006.0	1	0	0	8.55	8.13	0.00
	250	LGS TRAN	20,623.54	175.75	20,447.79	219,000	0	476.0	1	0	0	9.42	9.34	0.00
	331	CS-IRP ST	5,839,111.00	27,050.00	5,812,061.00	121,447,277	0	19,147.0	1	0	0	4.81	4.79	0.00
	332	CS-IRP TR	1,389,019.58	83,844.81	1,305,174.77	17,190,049	0	47,460.0	1	0	0	8.08	7.59	0.00
	358	IGS PRI	5,346,920.59	360,899.16	4,986,021.43	56,949,318	0	118,615.0	9	0	0	9.39	8.76	0.00
	359	IGS SUB	6,083,509.31	190,328.04	5,893,181.27	41,560,199	-2,110,500	216,932.0	5	0	0	14.64	14.18	0.00
	360	IGS	1,173,905.11	39,510.36	1,134,394.75	9,115,000	-883,000	35,145.0	1	0	0	12.88	12.45	0.00
	370	IGS	917,307.73	65,895.01	851,412.72	10,883,400	-6,472,800	20,686.8	1	0	0	8.43	7.82	0.00
	371	IGS	72,428,460.04	5,063,615.50	67,364,844.54	1,206,817,133	-98,466,000	1,724,047.0	4	0	0	6.00	5.58	0.00
	372	IGS	12,403,529.93	1,456,453.97	10,947,075.96	203,981,729	0	312,714.0	1	0	0	6.08	5.37	0.00
Total 221			114,221,558.26	7,715,284.83	106,506,273.43	1,728,522,739	-107,932,300	2,719,965.9	824	150	425	6.61	6.16	3,016.17
222	097	OL 200 HP	867.85	26.59	841.26	3,966	0	0.0	0	2	4	21.88	21.21	48.00
	107	OL 200HPF	228.87	7.45	221.42	986	0	0.0	0	1	1	23.21	22.46	0.00
	109	OL400 HPF	2,844.81	107.23	2,737.58	15,668	0	0.0	0	5	8	18.16	17.47	48.00
	113	OL 150 HP	1,901.83	52.11	1,849.72	6,635	0	0.0	0	6	10	28.66	27.88	268.20
	211	GS SEC	64,466.04	2,278.14	62,187.90	385,049	0	1,238.9	27	0	0	16.74	16.15	0.00
	215	GS SEC	303,996.36	14,137.30	289,859.06	2,012,920	0	7,950.9	25	0	0	15.10	14.40	0.00
	220	GSCC PRI	27,639.57	1,086.84	26,552.73	202,414	0	492.0	2	0	0	13.65	13.12	0.00
	240	LGS SEC	603,200.81	32,745.76	570,455.05	3,880,504	0	17,446.0	6	0	0	15.54	14.70	0.00
	244	LGS PRI	315,924.50	23,480.05	292,444.45	2,959,285	0	6,000.0	1	0	0	10.68	9.88	0.00
	251	LGS-LM-TD	1,066.06	2.59	1,063.47	328	400	0.0	1	0	0	325.02	324.23	0.00
	356	IGS SEC	642,826.62	37,527.16	605,299.46	4,470,760	0	11,477.0	2	0	0	14.38	13.54	0.00
	358	IGS PRI	847,454.34	72,726.28	774,728.06	9,242,976	0	19,949.0	1	0	0	9.17	8.38	0.00
Total 222			2,812,417.66	184,177.50	2,628,240.16	23,181,491	400	64,553.8	65	14	23	12.13	11.34	364.20
230	094	OL 100 HP	979.81	22.25	957.56	3,312	0	0.0	0	6	7	29.58	28.91	0.00

AEP Internal Page 13 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01-28-19 PM
Go To TOC

December 2021

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
230	095	OL 400 MV	330.38	11.16	319.22	1,873	0	0.0	0	1	1	17.64	17.04	0.00
	097	OL 200 HP	4,464.64	128.99	4,335.65	20,807	0	0.0	0	3	21	21.46	20.84	192.00
	107	OL 200HPF	945.51	22.36	923.15	3,997	0	0.0	0	3	4	23.66	23.10	24.00
	109	OL400 HPF	11,368.94	351.15	11,017.79	61,884	0	0.0	0	12	31	18.37	17.80	383.77
	113	OL 150 HP	4,645.06	125.87	4,519.19	18,051	0	0.0	0	16	27	25.73	25.04	293.38
	116	OL 400 MH	1,058.50	28.47	1,030.03	5,490	0	0.0	0	2	3	19.28	18.76	0.00
	150	55W LEDOL	88.56	2.77	85.79	240	0	0.0	0	1	1	36.90	35.75	0.00
	211	GS SEC	63,004.83	2,001.98	61,002.85	345,030	0	691.7	51	0	0	18.26	17.68	0.00
	215	GS SEC	319,309.75	12,128.15	307,181.60	2,003,405	0	10,243.9	52	0	0	15.94	15.33	0.00
	217	GS PRI	9,040.03	140.14	8,899.89	39,627	0	162.0	3	0	0	22.81	22.46	0.00
	220	GSCC PRI	516,784.21	20,974.06	495,810.15	3,534,890	0	15,483.4	28	0	0	14.62	14.03	0.00
	236	GSCC SUB	93,104.59	2,010.25	91,094.34	588,282	0	1,865.6	5	0	0	15.83	15.48	0.00
	240	LGS SEC	420,477.91	13,133.87	407,344.04	2,117,539	0	17,718.0	8	0	0	19.86	19.24	0.00
	244	LGS PRI	3,466,666.74	140,538.81	3,326,127.93	26,443,952	76,800	108,318.0	21	0	0	13.11	12.58	0.00
	248	LGS SUB	640,091.38	29,930.18	610,161.20	7,557,390	0	22,120.0	3	0	0	8.47	8.07	0.00
	257	LGSPRITOD	233,068.02	14,546.10	218,521.92	2,154,789	1,164,000	3,660.0	1	0	0	10.82	10.14	0.00
	330	CS-IRP PR	3,516,301.15	120,909.66	3,395,391.49	25,957,168	0	106,187.0	5	0	0	13.55	13.08	0.00
	333	CS-IRP	2,715,328.60	208,135.04	2,507,193.56	36,884,466	0	103,464.0	1	0	0	7.36	6.80	0.00
	358	IGS PRI	9,251,758.06	348,884.76	8,902,873.30	61,437,520	0	237,707.0	9	0	0	15.06	14.49	0.00
	359	IGS SUB	3,914,428.50	232,444.09	3,681,984.41	39,526,650	0	120,697.0	2	0	0	9.90	9.32	0.00
Total 230			25,183,245.17	1,146,470.11	24,036,775.06	208,706,362	1,240,800	748,317.6	190	44	95	12.07	11.52	893.15
400	093	OL 175 MV	369.09	14.25	354.84	1,670	0	0.0	0	1	2	22.10	21.25	0.00
	094	OL 100 HP	555.17	14.68	540.49	1,867	0	0.0	0	2	4	29.74	28.95	0.00
	107	OL 200HPF	226.12	6.96	219.16	974	0	0.0	0	1	1	23.22	22.50	0.00
	109	OL400 HPF	8,224.80	291.98	7,932.82	44,940	0	0.0	0	7	23	18.30	17.65	201.36
	111	OL100 HPP	22,190.71	273.33	21,917.38	43,349	0	0.0	0	19	92	51.19	50.56	0.00
	113	OL 150 HP	805.49	20.76	784.73	2,723	0	0.0	0	2	4	29.58	28.82	134.16
	122	OL150 HPP	3,009.34	36.54	2,972.80	5,441	0	0.0	0	2	8	55.31	54.64	0.00
	131	OL 1000MH	676.16	31.36	644.80	4,367	0	0.0	0	1	1	15.48	14.77	0.00

AEP Internal Page 14 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 0128:19 PM
Go To TOC

December 2021

												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
400	204	GS-MTRD	1,664.22	0.15	1,664.07	11	0	0.0	8	0	0	15,129.27	15,127.91	0.00
	211	GS SEC	133,399.67	2,227.09	131,172.58	362,175	0	191.3	240	0	0	36.83	36.22	0.00
	213	GS-UMR	230.13	0.32	229.81	59	0	0.0	1	0	0	390.05	389.51	0.00
	215	GS SEC	70,168.71	3,136.61	67,032.10	462,887	0	1,938.4	6	0	0	15.16	14.48	0.00
	528	SL	1,787,644.07	40,931.77	1,746,712.30	8,462,724	0	0.0	55	0	0	21.12	20.64	0.00
Total 400		·	2,029,163.68	46,985.80	1,982,177.88	9,393,187	0	2,129.7	310	35	135	21.60	21.10	335.52
Grand Tota	al		587,329,486.18	28,415,816.09	558,913,670.09	5,093,308,994	-86,947,236	6,974,011.9	165,416	45,778	54,847	11.53	10.97	297,639.28

AEP Internal Page 15 of 64



TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 012613 PM of 64
Go To TOC

State: KY December 2021

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											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
011	RSW-LMWH	269,645.93	12,977.85	256,668.08	1,998,851	0	0.0	119	0	0	13.49	12.84	0.00
012	RSW-A	27,527.59	1,203.12	26,324.47	209,873	0	0.0	10	0	0	13.12	12.54	0.00
013	RSW-B	2,579.47	103.13	2,476.34	19,773	0	0.0	1	0	0	13.05	12.52	0.00
014	RSW-C	24,925.57	1,285.99	23,639.58	187,966	0	0.0	14	0	0	13.26	12.58	0.00
015	RS	127,009,912.31	5,437,300.01	121,572,612.30	887,239,208	53,756	9,629.2	65,372	0	0	14.32	13.70	0.00
017	RS EMP	831,736.04	33,452.86	798,283.18	6,037,781	0	0.0	336	0	0	13.78	13.22	0.00
022	RSW-RS	147,977,488.03	6,632,544.27	141,344,943.76	1,055,627,965	52,170	18,990.0	67,797	0	0	14.02	13.39	0.00
028	AORH-W ON	14,359.39	660.80	13,698.59	110,886	72,780	0.0	6	0	0	12.95	12.35	0.00
030	RSW-ONPK	177,885.00	8,245.50	169,639.50	1,324,500	827,139	0.0	65	0	0	13.43	12.81	0.00
032	RS LM-ON	203,925.04	9,065.52	194,859.52	1,521,664	973,086	0.0	77	0	0	13.40	12.81	0.00
034	AORH-ON	1,563.20	69.82	1,493.38	12,002	7,117	0.0	2	0	0	13.02	12.44	0.00
036	RS-TOD-ON	11,998.99	568.79	11,430.20	88,812	55,133	0.0	4	0	0	13.51	12.87	0.00
093	OL 175 MV	107,193.88	3,550.16	103,643.72	498,322	0	0.0	0	578	610	21.51	20.80	67.06
094	OL 100 HP	2,819,138.64	67,298.00	2,751,840.64	9,606,282	0	0.0	0	19,224	20,811	29.35	28.65	58,511.36
095	OL 400 MV	24,225.72	966.11	23,259.61	136,188	0	0.0	0	53	75	17.79	17.08	0.00
097	OL 200 HP	338,490.79	11,810.28	326,680.51	1,612,326	0	0.0	0	1,285	1,668	20.99	20.26	10,313.47
098	OL 400 HP	87,424.13	3,786.01	83,638.12	487,804	0	0.0	0	109	255	17.92	17.15	3,772.83
099	OL175 MVP	1,038.22	33.99	1,004.23	4,174	0	0.0	0	3	5	24.87	24.06	0.00
103	OL 250 HP	633.00	25.91	607.09	2,724	0	0.0	0	1	2	23.24	22.29	0.00
107	OL 200HPF	396,555.55	12,075.98	384,479.57	1,672,924	0	0.0	0	1,214	1,716	23.70	22.98	11,522.77
109	OL400 HPF	1,436,749.48	56,628.80	1,380,120.68	7,825,633	0	0.0	0	1,707	4,057	18.36	17.64	36,504.04
110	OL 250 MH	45,980.20	1,392.75	44,587.45	186,380	0	0.0	0	82	160	24.67	23.92	2,013.75
111	OL100 HPP	194,210.53	2,741.67	191,468.86	377,959	0	0.0	0	211	808	51.38	50.66	1,577.81
113	OL 150 HP	3,565,409.89	101,341.90	3,464,067.99	14,631,269	0	0.0	0	19,427	21,913	24.37	23.68	156,516.43
116	OL 400 MH	345,442.55	13,253.94	332,188.61	1,714,888	0	0.0	0	298	946	20.14	19.37	9,626.84
120	OL 250HPP	867.34	20.68	846.66	2,331	0	0.0	0	2	2	37.21	36.32	0.00
122	OL150 HPP	25,501.49	349.98	25,151.51	46,245	0	0.0	0	16	68	55.14	54.39	0.00

AEP Internal Page 16 of 64



TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01/2019 PM of 64
Go To TOC

State: KY December 2021

State . Ni											Decembe	2021	
											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
126	OL 400HPP	1,791.36	42.06	1,749.30	5,846	0	0.0	0	2	3	30.64	29.92	0.00
130	OL 250MON	599.00	33.59	565.41	1,798	0	0.0	0	4	2	33.31	31.45	0.00
131	OL 1000MH	69,820.32	3,941.45	65,878.87	447,833	0	0.0	0	47	99	15.59	14.71	752.10
136	OL 400MON	5,164.99	148.65	5,016.34	21,444	0	0.0	0	5	12	24.09	23.39	45.07
150	55W LEDOL	180,057.47	6,751.15	173,306.32	488,799	0	0.0	0	1,510	1,634	36.84	35.46	6,415.75
160	65W LEDOL	34.88	1.38	33.50	49	0	0.0	0	0	0	71.18	68.37	0.00
204	GS-MTRD	222,279.26	5,896.86	216,382.40	1,000,300	0	0.0	434	0	0	22.22	21.63	0.00
211	GS SEC	26,382,062.24	842,141.41	25,539,920.83	137,812,475	159,153	224,277.5	22,568	0	0	19.14	18.53	0.00
212	GS-SEC M	795.85	21.81	774.04	3,091	0	0.0	1	0	0	25.75	25.04	0.00
213	GS-UMR	487,836.84	14,765.99	473,070.85	2,197,936	0	0.0	583	0	0	22.20	21.52	0.00
214	GS - AF	202,140.47	8,172.68	193,967.79	1,326,209	0	31,649.6	85	0	0	15.24	14.63	0.00
215	GS SEC	64,021,881.08	2,648,549.73	61,373,331.35	427,222,703	0	1,736,861.5	6,397	0	0	14.99	14.37	0.00
217	GS PRI	493,086.58	22,356.57	470,730.01	3,285,278	0	14,921.9	30	0	0	15.01	14.33	0.00
218	GS M SEC	30,486.43	1,657.21	28,829.22	207,791	0	687.2	1	0	0	14.67	13.87	0.00
220	GSCC PRI	892,765.78	38,615.78	854,150.00	6,403,190	0	22,919.4	44	0	0	13.94	13.34	0.00
223	GS LM ON	120,622.53	5,532.66	115,089.87	826,089	526,464	0.0	40	0	0	14.60	13.93	0.00
225	GS LM TOD	127,688.64	5,196.23	122,492.41	873,222	523,680	0.0	31	0	0	14.62	14.03	0.00
227	EXP GSTOD	1,440,336.98	53,015.56	1,387,321.42	8,438,005	7,217,463	0.0	499	0	0	17.07	16.44	0.00
229	GS-TOD	1,055,672.67	47,846.01	1,007,826.66	7,745,560	4,893,211	3,280.3	138	0	0	13.63	13.01	0.00
236	GSCC SUB	93,104.59	2,010.25	91,094.34	588,282	0	1,865.6	5	0	0	15.83	15.48	0.00
240	LGS SEC	38,003,070.31	1,779,510.69	36,223,559.62	290,940,976	0	838,193.0	389	0	0	13.06	12.45	0.00
242	LGS M SEC	865,459.08	40,908.00	824,551.08	6,976,149	0	16,782.0	7	0	0	12.41	11.82	0.00
244	LGS PRI	9,096,794.71	496,595.95	8,600,198.76	74,839,757	76,800	244,227.0	59	0	0	12.16	11.49	0.00
246	LGS M PRI	72,853.80	3,171.97	69,681.83	620,782	0	1,924.0	1	0	0	11.74	11.22	0.00
248	LGS SUB	1,592,930.78	116,314.59	1,476,616.19	18,011,918	0	50,308.0	9	0	0	8.84	8.20	0.00
250	LGS TRAN	20,623.54	175.75	20,447.79	219,000	0	476.0	1	0	0	9.42	9.34	0.00
251	LGS-LM-TD	231,562.09	14,230.89	217,331.20	1,735,872	1,008,760	0.0	7	0	0	13.34	12.52	0.00

AEP Internal Page 17 of 64



TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 0128-19 FM of 64
Go To TOC

State: KY December 2021

											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
256	LGSSECTOD	616,631.89	32,611.12	584,020.77	5,255,555	3,374,352	11,395.0	6	0	0	11.73	11.11	0.00
257	LGSPRITOD	233,068.02	14,546.10	218,521.92	2,154,789	1,164,000	3,660.0	1	0	0	10.82	10.14	0.00
260	PS SEC	12,788,967.40	556,922.63	12,232,044.77	90,009,516	0	344,819.0	144	0	0	14.21	13.59	0.00
264	PS PRI	230,691.90	12,210.51	218,481.39	1,900,413	0	6,926.0	1	0	0	12.14	11.50	0.00
330	CS-IRP PR	3,516,301.15	120,909.66	3,395,391.49	25,957,168	0	106,187.0	5	0	0	13.55	13.08	0.00
331	CS-IRP ST	5,839,111.00	27,050.00	5,812,061.00	121,447,277	0	19,147.0	1	0	0	4.81	4.79	0.00
332	CS-IRP TR	1,389,019.58	83,844.81	1,305,174.77	17,190,049	0	47,460.0	1	0	0	8.08	7.59	0.00
333	CS-IRP	2,715,328.60	208,135.04	2,507,193.56	36,884,466	0	103,464.0	1	0	0	7.36	6.80	0.00
356	IGS SEC	2,168,447.67	124,120.40	2,044,327.27	19,889,607	0	42,260.0	6	0	0	10.90	10.28	0.00
358	IGS PRI	25,670,795.28	1,435,419.52	24,235,375.76	244,632,062	0	598,086.0	35	0	0	10.49	9.91	0.00
359	IGS SUB	11,569,854.85	550,492.98	11,019,361.87	101,492,166	-2,110,500	378,300.0	12	0	0	11.40	10.86	0.00
360	IGS	1,173,905.11	39,510.36	1,134,394.75	9,115,000	-883,000	35,145.0	1	0	0	12.88	12.45	0.00
370	IGS	917,307.73	65,895.01	851,412.72	10,883,400	-6,472,800	20,686.8	1	0	0	8.43	7.82	0.00
371	IGS	72,428,460.04	5,063,615.50	67,364,844.54	1,206,817,133	-98,466,000	1,724,047.0	4	0	0	6.00	5.58	0.00
372	IGS	12,403,529.93	1,456,453.97	10,947,075.96	203,981,729	0	312,714.0	1	0	0	6.08	5.37	0.00
528	SL	1,787,644.07	40,931.77	1,746,712.30	8,462,724	0	0.0	55	0	0	21.12	20.64	0.00
540	MW	226,491.72	12,788.02	213,703.70	1,810,856	0	2,722.9	9	0	0	12.51	11.80	0.00
KY - Summ	nary	587,329,486.18	28,415,816.09	558,913,670.09	5,093,308,994	-86,947,236	6,974,011.9	165,416	45,778	54,847	11.53	10.97	297,639.28

AEP Internal Page 18 of 64



TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01:28:39 PM of 64

Go To TOC

December 2021

												Realizat	ion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 19 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/10/2022 0128:19 PM
Go To TOC

State: KY December 2021

State . Ki												Decembe	1 2021	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
010	011	RSW-LMWH	78,891.62	3,636.10	75,255.52	571,403	0	0.0	43	0	0	13.81	13.17	0.00
	014	RSW-C	16,673.84	813.50	15,860.34	123,131	0	0.0	11	0	0	13.54	12.88	0.00
	015	RS	63,042,241.88	2,521,948.56	60,520,293.32	429,211,177	3,937	5,280.5	37,213	0	0	14.69	14.10	0.00
	022	RSW-RS	22,583,960.49	956,702.04	21,627,258.45	156,625,718	0	686.0	12,253	0	0	14.42	13.81	0.00
	036	RS-TOD-ON	1,267.30	31.71	1,235.59	5,572	3,173	0.0	2	0	0	22.74	22.17	0.00
	093	OL 175 MV	53,351.80	1,777.91	51,573.89	249,446	0	0.0	0	308	308	21.39	20.68	67.06
	094	OL 100 HP	1,074,051.53	25,709.71	1,048,341.82	3,688,776	0	0.0	0	7,534	7,994	29.12	28.42	18,009.92
	095	OL 400 MV	1,914.92	73.86	1,841.06	11,124	0	0.0	0	4	6	17.21	16.55	0.00
	097	OL 200 HP	65,735.49	2,319.13	63,416.36	322,924	0	0.0	0	313	336	20.36	19.64	1,169.88
	098	OL 400 HP	3,459.08	150.08	3,309.00	20,713	0	0.0	0	11	11	16.70	15.98	12.53
	107	OL 200HPF	53,368.99	1,714.21	51,654.78	235,098	0	0.0	0	202	242	22.70	21.97	954.51
	109	OL400 HPF	59,332.34	2,514.64	56,817.70	336,378	0	0.0	0	112	175	17.64	16.89	729.54
	110	OL 250 MH	4,108.52	154.94	3,953.58	18,115	0	0.0	0	15	15	22.68	21.82	0.00
	111	OL100 HPP	6,169.78	95.78	6,074.00	12,478	0	0.0	0	15	26	49.45	48.68	67.09
	113	OL 150 HP	978,347.34	28,086.16	950,261.18	4,063,075	0	0.0	0	5,541	6,080	24.08	23.39	37,954.70
	116	OL 400 MH	5,859.31	224.01	5,635.30	30,396	0	0.0	0	13	16	19.28	18.54	131.50
	122	OL150 HPP	720.69	9.04	711.65	1,370	0	0.0	0	2	2	52.61	51.95	0.00
	130	OL 250MON	321.94	9.26	312.68	1,139	0	0.0	0	1	1	28.27	27.45	0.00
	131	OL 1000MH	1,535.09	90.36	1,444.73	10,435	0	0.0	0	2	2	14.71	13.85	0.00
	136	OL 400MON	427.13	9.83	417.30	1,889	0	0.0	0	1	1	22.61	22.09	0.00
	150	55W LEDOL	54,333.66	2,097.22	52,236.44	149,475	0	0.0	0	472	498	36.35	34.95	1,606.07
	211	GS SEC	693.41	1.70	691.71	5,492	0	0.0	0	0	0	12.63	12.59	0.00
010 - Sumr	nary		88,086,766.15	3,548,169.75	84,538,596.40	595,695,324	7,110	5,966.5	49,522	14,546	15,715	14.79	14.19	60,702.80
020	011	RSW-LMWH	190,754.31	9,341.75	181,412.56	1,427,448	0	0.0	76	0	0	13.36	12.71	0.00
	012	RSW-A	27,527.59	1,203.12	26,324.47	209,873	0	0.0	10	0	0	13.12	12.54	0.00
	013	RSW-B	2,579.47	103.13	2,476.34	19,773	0	0.0	1	0	0	13.05	12.52	0.00
	014	RSW-C	8,251.73	472.49	7,779.24	64,835	0	0.0	2	0	0	12.73	12.00	0.00
	015	RS	63,966,356.35	2,915,309.30	61,051,047.05	458,019,954	49,819	4,348.7	28,158	0	0	13.97	13.33	0.00
	017	RS EMP	831,736.04	33,452.86	798,283.18	6,037,781	0	0.0	336	0	0	13.78	13.22	0.00

AEP Internal Page 20 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/10/2022 0128-19 PM
Go To TOC

State: KY December 2021

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												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
020	022	RSW-RS	125,393,509.65	5,675,842.23	119,717,667.42	899,002,247	52,170	18,304.0	55,544	0	0	13.95	13.32	0.00
	028	AORH-W ON	14,359.39	660.80	13,698.59	110,886	72,780	0.0	6	0	0	12.95	12.35	0.00
	030	RSW-ONPK	177,885.00	8,245.50	169,639.50	1,324,500	827,139	0.0	65	0	0	13.43	12.81	0.00
	032	RS LM-ON	203,925.04	9,065.52	194,859.52	1,521,664	973,086	0.0	77	0	0	13.40	12.81	0.00
	034	AORH-ON	1,563.20	69.82	1,493.38	12,002	7,117	0.0	2	0	0	13.02	12.44	0.00
	036	RS-TOD-ON	10,731.69	537.08	10,194.61	83,240	51,960	0.0	2	0	0	12.89	12.25	0.00
	093	OL 175 MV	26,979.66	903.67	26,075.99	126,897	0	0.0	0	150	154	21.26	20.55	0.00
	094	OL 100 HP	1,474,890.41	35,350.69	1,439,539.72	5,033,385	0	0.0	0	10,233	10,918	29.30	28.60	34,091.81
	095	OL 400 MV	950.73	42.26	908.47	5,487	0	0.0	0	3	3	17.33	16.56	0.00
	097	OL 200 HP	105,049.93	3,727.07	101,322.86	516,891	0	0.0	0	497	533	20.32	19.60	1,963.20
	098	OL 400 HP	9,288.02	386.69	8,901.33	54,946	0	0.0	0	26	28	16.90	16.20	177.45
	107	OL 200HPF	77,748.44	2,380.52	75,367.92	336,111	0	0.0	0	305	345	23.13	22.42	2,313.06
	109	OL400 HPF	80,572.99	3,302.05	77,270.94	459,449	0	0.0	0	196	241	17.54	16.82	1,569.95
	110	OL 250 MH	4,179.55	151.83	4,027.72	18,203	0	0.0	0	13	16	22.96	22.13	67.14
	111	OL100 HPP	27,965.31	396.69	27,568.62	55,818	0	0.0	0	96	119	50.10	49.39	531.04
	113	OL 150 HP	2,049,477.17	58,691.44	1,990,785.73	8,512,874	0	0.0	0	11,697	12,768	24.08	23.39	79,012.15
	116	OL 400 MH	6,559.57	259.07	6,300.50	34,525	0	0.0	0	15	19	19.00	18.25	43.05
	120	OL 250HPP	432.06	10.17	421.89	1,195	0	0.0	0	1	1	36.16	35.30	0.00
	122	OL150 HPP	1,413.31	20.37	1,392.94	2,678	0	0.0	0	4	4	52.77	52.01	0.00
	126	OL 400HPP	579.04	15.08	563.96	1,936	0	0.0	0	1	1	29.91	29.13	0.00
	130	OL 250MON	-371.56	11.49	-383.05	-1,479	0	0.0	0	0	-1	25.12	25.90	0.00
	131	OL 1000MH	3,338.64	315.74	3,022.90	23,232	0	0.0	0	1	4	14.37	13.01	0.00
	136	OL 400MON	858.08	19.64	838.44	3,516	0	0.0	0	2	2	24.41	23.85	0.00
	150	55W LEDOL	106,422.62	3,956.96	102,465.66	288,547	0	0.0	0	913	966	36.88	35.51	4,055.28
	160	65W LEDOL	34.88	1.38	33.50	49	0	0.0	0	0	0	71.18	68.37	0.00
	211	GS SEC	7,583.25	-39.68	7,622.93	52,932	0	16.3	3	0	0	14.33	14.40	0.00
	215	GS SEC	550.75	-13.77	564.52	3,721	0	19.5	0	0	0	14.80	15.17	0.00
020 - Sumr	nary		194,813,682.31	8,764,192.96	186,049,489.35	1,383,365,116	2,034,071	22,688.5	84,282	24,154	26,120	14.08	13.45	123,824.13
211	015	RS	59.60	0.52	59.08	150	0	0.0	0	0	0	39.73	39.39	0.00

AEP Internal Page 21 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/10/2022 0128:19 PM
Go To TOC

State: KY December 2021

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/ Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off PK KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
1	022	RSW-RS	17.89	0.00	17.89	0	0	0.0	0	0	0	0.00	0.00	0.00
	093	OL 175 MV	15,674.16	493.48	15,180.68	71,098	0	0.0	0	71	87	22.05	21.35	0.00
	094	OL 100 HP	182,088.24	4,189.36	177,898.88	595,569	0	0.0	0	1,036	1,281	30.57	29.87	4,327.28
	095	OL 400 MV	10,243.67	394.28	9,849.39	57,213	0	0.0	0	25	32	17.90	17.22	0.00
	097	OL 200 HP	94,454.60	3,336.73	91,117.87	437,842	0	0.0	0	284	453	21.57	20.81	3,454.76
	098	OL 400 HP	22,132.15	903.09	21,229.06	126,104	0	0.0	0	38	66	17.55	16.83	568.50
	099	OL175 MVP	831.14	26.95	804.19	3,344	0	0.0	0	2	4	24.85	24.05	0.00
	103	OL 250 HP	633.00	25.91	607.09	2,724	0	0.0	0	1	2	23.24	22.29	0.00
	107	OL 200HPF	140,536.16	4,292.09	136,244.07	583,030	0	0.0	0	391	601	24.10	23.37	4,214.63
	109	OL400 HPF	637,870.58	25,134.26	612,736.32	3,471,356	0	0.0	0	752	1,800	18.38	17.65	14,489.28
	110	OL 250 MH	16,984.75	500.44	16,484.31	68,180	0	0.0	0	34	58	24.91	24.18	781.71
	111	OL100 HPP	46,914.75	668.75	46,246.00	90,297	0	0.0	0	33	194	51.96	51.22	499.28
	113	OL 150 HP	351,834.02	9,632.38	342,201.64	1,368,028	0	0.0	0	1,568	2,037	25.72	25.01	21,182.20
	116	OL 400 MH	189,710.46	7,152.46	182,558.00	941,808	0	0.0	0	152	518	20.14	19.38	5,241.62
	122	OL150 HPP	3,427.57	51.48	3,376.09	5,979	0	0.0	0	1	10	57.33	56.47	0.00
	126	OL 400HPP	1,212.32	26.98	1,185.34	3,910	0	0.0	0	1	2	31.01	30.32	0.00
	130	OL 250MON	648.62	12.84	635.78	2,138	0	0.0	0	2	2	30.34	29.74	0.00
	131	OL 1000MH	35,551.79	2,078.93	33,472.86	226,678	0	0.0	0	25	49	15.68	14.77	483.50
	136	OL 400MON	3,879.78	119.18	3,760.60	16,039	0	0.0	0	2	9	24.19	23.45	45.07
	150	55W LEDOL	13,775.31	510.66	13,264.65	36,747	0	0.0	0	94	123	37.49	36.10	442.03
	204	GS-MTRD	207,971.17	5,798.96	202,172.21	982,865	0	0.0	377	0	0	21.16	20.57	0.00
	211	GS SEC	18,400,793.85	569,867.53	17,830,926.32	93,093,790	60,509	122,034.9	17,002	0	0	19.77	19.15	0.00
	212	GS-SEC M	795.85	21.81	774.04	3,091	0	0.0	1	0	0	25.75	25.04	0.00
	213	GS-UMR	376,704.64	10,435.21	366,269.43	1,715,452	0	0.0	434	0	0	21.96	21.35	0.00
	214	GS - AF	4,694.01	77.64	4,616.37	18,603	0	1,582.1	6	0	0	25.23	24.82	0.00
	215	GS SEC	30,232,366.93	1,230,829.73	29,001,537.20	203,298,540	0	804,474.9	3,090	0	0	14.87	14.27	0.00
	217	GS PRI	169,359.77	9,802.06	159,557.71	1,218,725	0	3,619.4	8	0	0	13.90	13.09	0.00
	220	GSCC PRI	58,853.70	1,986.80	56,866.90	441,543	0	1,411.8	3	0	0	13.33	12.88	0.00
	223	GS LM ON	7,245.09	261.73	6,983.36	42,776	23,830	0.0	4	0	0	16.94	16.33	0.00

AEP Internal Page 22 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 0128:19 PM
Go To TOC

State: KY December 2021

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												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
211	225	GS LM TOD	1,988.17	51.29	1,936.88	9,485	5,655	0.0	2	0	0	20.96	20.42	0.00
	227	EXP GSTOD	951,848.37	34,986.32	916,862.05	5,492,676	4,700,685	0.0	362	0	0	17.33	16.69	0.00
	229	GS-TOD	449,018.62	21,325.07	427,693.55	3,189,731	1,835,282	3,280.3	57	0	0	14.08	13.41	0.00
	240	LGS SEC	10,837,237.29	519,472.21	10,317,765.08	86,140,638	0	215,596.0	112	0	0	12.58	11.98	0.00
	244	LGS PRI	1,511,142.45	95,931.80	1,415,210.65	13,334,589	0	32,750.0	10	0	0	11.33	10.61	0.00
	248	LGS SUB	559,575.18	60,054.49	499,520.69	5,848,934	0	16,476.0	4	0	0	9.57	8.54	0.00
	256	LGSSECTOD	378,375.63	18,730.66	359,644.97	3,268,322	1,967,728	7,184.0	4	0	0	11.58	11.00	0.00
	356	IGS SEC	1,525,621.05	86,593.24	1,439,027.81	15,418,847	0	30,783.0	4	0	0	9.89	9.33	0.00
	358	IGS PRI	6,824,030.07	429,004.43	6,395,025.64	81,674,399	0	147,090.0	8	0	0	8.36	7.83	0.00
	359	IGS SUB	1,342,511.83	116,151.33	1,226,360.50	18,609,276	0	34,806.0	3	0	0	7.21	6.59	0.00
211 - Sumr	nary		75,608,614.23	3,270,933.08	72,337,681.15	541,910,516	8,593,689	1,421,088.4	21,491	4,513	7,327	13.95	13.35	55,729.86
212	015	RS	1,254.48	41.63	1,212.85	7,927	0	0.0	1	0	0	15.83	15.30	0.00
	093	OL 175 MV	2,383.75	87.65	2,296.10	10,798	0	0.0	0	13	13	22.08	21.26	0.00
	094	OL 100 HP	41,586.78	939.07	40,647.71	135,878	0	0.0	0	232	292	30.61	29.91	1,061.83
	095	OL 400 MV	3,942.20	152.71	3,789.49	22,191	0	0.0	0	7	12	17.76	17.08	0.00
	097	OL 200 HP	28,176.01	951.77	27,224.24	129,278	0	0.0	0	104	136	21.79	21.06	1,209.27
	098	OL 400 HP	10,310.19	482.98	9,827.21	57,752	0	0.0	0	14	30	17.85	17.02	359.37
	099	OL175 MVP	207.08	7.04	200.04	830	0	0.0	0	1	1	24.95	24.10	0.00
	107	OL 200HPF	57,065.84	1,705.69	55,360.15	237,679	0	0.0	0	157	243	24.01	23.29	1,664.77
	109	OL400 HPF	245,724.79	9,781.29	235,943.50	1,327,408	0	0.0	0	287	691	18.51	17.77	6,926.61
	110	OL 250 MH	12,284.44	349.11	11,935.33	46,759	0	0.0	0	9	41	26.27	25.53	1,030.64
	111	OL100 HPP	6,112.02	90.26	6,021.76	11,431	0	0.0	0	6	24	53.47	52.68	230.44
	113	OL 150 HP	99,068.91	2,719.12	96,349.79	375,327	0	0.0	0	393	560	26.40	25.67	8,021.22
	116	OL 400 MH	66,229.05	2,410.03	63,819.02	326,306	0	0.0	0	63	179	20.30	19.56	2,341.69
	131	OL 1000MH	19,759.39	1,034.55	18,724.84	126,003	0	0.0	0	8	29	15.68	14.86	134.24
	150	55W LEDOL	3,221.68	109.59	3,112.09	8,087	0	0.0	0	20	27	39.84	38.48	217.37
	211	GS SEC	3,940,949.60	140,549.41	3,800,400.19	23,214,137	12,705	57,991.1	2,314	0	0	16.98	16.37	0.00
	215	GS SEC	19,824,841.67	811,333.87	19,013,507.80	130,681,462	0	570,651.5	2,116	0	0	15.17	14.55	0.00
	217	GS PRI	122,415.72	5,554.05	116,861.67	925,482	0	2,658.2	5	0	0	13.23	12.63	0.00

AEP Internal Page 23 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/10/2022 0128:19 PM
Go To TOC

State: KY December 2021

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Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
212	220	GSCC PRI	53,131.35	4,225.57	48,905.78	423,978	0	660.0	1	0	0	12.53	11.53	0.00
	223	GS LM ON	100,826.30	4,643.94	96,182.36	687,230	429,605	0.0	33	0	0	14.67	14.00	0.00
	225	GS LM TOD	36,337.95	1,186.33	35,151.62	208,922	123,731	0.0	23	0	0	17.39	16.83	0.00
	227	EXP GSTOD	488,488.61	18,029.24	470,459.37	2,945,329	2,516,778	0.0	137	0	0	16.59	15.97	0.00
	229	GS-TOD	316,433.89	14,289.80	302,144.09	2,273,050	1,421,270	0.0	53	0	0	13.92	13.29	0.00
	240	LGS SEC	13,035,562.56	617,943.55	12,417,619.01	102,475,333	0	271,008.0	129	0	0	12.72	12.12	0.00
	242	LGS M SEC	165,323.13	7,827.18	157,495.95	1,340,923	0	3,385.0	1	0	0	12.33	11.75	0.00
	244	LGS PRI	829,997.08	41,969.88	788,027.20	7,459,310	0	19,509.0	6	0	0	11.13	10.56	0.00
	248	LGS SUB	197,488.69	16,771.86	180,716.83	2,315,929	0	5,706.0	1	0	0	8.53	7.80	0.00
	251	LGS-LM-TD	110,491.16	4,567.87	105,923.29	831,923	467,880	0.0	4	0	0	13.28	12.73	0.00
	358	IGS PRI	860,340.87	63,685.15	796,655.72	9,203,997	0	18,115.0	2	0	0	9.35	8.66	0.00
212 - Sumr	nary		40,679,955.19	1,773,440.19	38,906,515.00	287,810,659	4,971,969	949,683.8	4,826	1,314	2,278	14.13	13.52	23,197.45
213	093	OL 175 MV	1,101.68	33.73	1,067.95	5,029	0	0.0	0	6	6	21.91	21.24	0.00
	094	OL 100 HP	6,719.14	169.00	6,550.14	22,638	0	0.0	0	26	48	29.68	28.93	0.00
	095	OL 400 MV	1,314.42	50.93	1,263.49	7,393	0	0.0	0	3	4	17.78	17.09	0.00
	097	OL 200 HP	6,122.77	203.16	5,919.61	28,408	0	0.0	0	19	29	21.55	20.84	244.50
	098	OL 400 HP	3,891.67	176.51	3,715.16	19,914	0	0.0	0	4	12	19.54	18.66	345.79
	107	OL 200HPF	21,523.74	658.31	20,865.43	89,949	0	0.0	0	46	92	23.93	23.20	557.64
	109	OL400 HPF	151,601.47	5,720.29	145,881.18	813,726	0	0.0	0	95	420	18.63	17.93	5,441.47
	110	OL 250 MH	1,178.19	37.01	1,141.18	4,647	0	0.0	0	3	4	25.35	24.56	67.11
	111	OL100 HPP	6,988.69	92.36	6,896.33	13,636	0	0.0	0	4	29	51.25	50.57	0.00
	113	OL 150 HP	11,171.45	293.75	10,877.70	39,007	0	0.0	0	29	58	28.64	27.89	1,610.28
	116	OL 400 MH	26,898.22	1,122.35	25,775.87	130,781	0	0.0	0	19	79	20.57	19.71	733.37
	131	OL 1000MH	766.01	22.95	743.06	4,529	0	0.0	0	1	1	16.91	16.41	67.22
	150	55W LEDOL	251.39	9.62	241.77	702	0	0.0	0	2	2	35.81	34.44	0.00
	211	GS SEC	385,649.92	14,377.37	371,272.55	2,175,536	0	5,445.8	249	0	0	17.73	17.07	0.00
	214	GS - AF	143,195.98	6,299.67	136,896.31	940,141	0	22,325.9	59	0	0	15.23	14.56	0.00
	215	GS SEC	2,962,291.17	132,889.65	2,829,401.52	19,657,733	0	76,148.3	218	0	0	15.07	14.39	0.00
	217	GS PRI	1,189.56	131.44	1,058.12	7,442	0	16.2	0	0	0	15.98	14.22	0.00

AEP Internal Page 24 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/10/2022 0128:19 PM
Go To TOC

State: KY December 2021

State . Ki												Decembe	1 2021	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
213	223	GS LM ON	9,162.85	453.11	8,709.74	76,149	60,320	0.0	1	0	0	12.03	11.44	0.0
	240	LGS SEC	2,074,921.92	88,682.54	1,986,239.38	14,674,212	0	54,621.0	30	0	0	14.14	13.54	0.0
	244	LGS PRI	289,419.19	22,490.20	266,928.99	2,236,540	0	8,076.0	2	0	0	12.94	11.93	0.00
	260	PS SEC	12,788,967.40	556,922.63	12,232,044.77	90,009,516	0	344,819.0	144	0	0	14.21	13.59	0.00
	264	PS PRI	230,691.90	12,210.51	218,481.39	1,900,413	0	6,926.0	1	0	0	12.14	11.50	0.00
	358	IGS PRI	399,734.71	20,466.77	379,267.94	3,516,175	0	9,324.0	1	0	0	11.37	10.79	0.00
	359	IGS SUB	229,405.21	11,569.52	217,835.69	1,796,041	0	5,865.0	1	0	0	12.77	12.13	0.00
213 - Sumr	nary		19,754,158.65	875,083.38	18,879,075.27	138,170,257	60,320	533,567.2	706	257	783	14.30	13.66	9,067.38
216	093	OL 175 MV	6,035.10	202.48	5,832.62	27,431	0	0.0	0	23	33	22.00	21.26	0.00
	094	OL 100 HP	29,908.05	697.33	29,210.72	97,224	0	0.0	0	125	208	30.76	30.04	886.48
	095	OL 400 MV	4,543.09	193.94	4,349.15	25,421	0	0.0	0	8	14	17.87	17.11	0.00
	097	OL 200 HP	26,159.56	858.51	25,301.05	117,292	0	0.0	0	54	120	22.30	21.57	1,809.79
	098	OL 400 HP	37,680.96	1,659.68	36,021.28	204,465	0	0.0	0	15	107	18.43	17.62	2,309.19
	107	OL 200HPF	39,099.45	1,112.48	37,986.97	159,996	0	0.0	0	93	162	24.44	23.74	1,794.1
	109	OL400 HPF	172,576.07	6,634.19	165,941.88	934,213	0	0.0	0	197	481	18.47	17.76	4,960.14
	110	OL 250 MH	5,588.64	146.22	5,442.42	23,467	0	0.0	0	7	20	23.81	23.19	67.1
	111	OL100 HPP	76,476.21	1,099.59	75,376.62	148,281	0	0.0	0	36	318	51.58	50.83	249.90
	113	OL 150 HP	59,368.61	1,474.59	57,894.02	213,155	0	0.0	0	150	321	27.85	27.16	7,157.56
	116	OL 400 MH	35,215.03	1,511.18	33,703.85	174,253	0	0.0	0	21	94	20.21	19.34	1,135.6
	120	OL 250HPP	435.28	10.51	424.77	1,136	0	0.0	0	1	1	38.32	37.39	0.00
	122	OL150 HPP	16,930.58	232.55	16,698.03	30,777	0	0.0	0	7	44	55.01	54.25	0.00
	131	OL 1000MH	5,451.80	266.60	5,185.20	34,585	0	0.0	0	6	8	15.76	14.99	67.14
	150	55W LEDOL	1,700.64	55.86	1,644.78	4,376	0	0.0	0	7	14	38.86	37.59	71.44
	204	GS-MTRD	10,989.42	49.66	10,939.76	9,627	0	0.0	46	0	0	114.15	113.64	0.00
	211	GS SEC	2,717,863.05	89,528.14	2,628,334.91	14,761,997	85,939	30,688.4	2,100	0	0	18.41	17.80	0.00
	213	GS-UMR	110,902.07	4,330.46	106,571.61	482,425	0	0.0	149	0	0	22.99	22.09	0.00
	214	GS - AF	54,250.48	1,795.37	52,455.11	367,465	0	7,741.6	20	0	0	14.76	14.27	0.00
	215	GS SEC	8,716,564.47	367,038.45	8,349,526.02	58,656,642	0	223,006.2	747	0	0	14.86	14.23	0.00
	217	GS PRI	80,848.83	2,276.74	78,572.09	419,964	0	4,463.2	4	0	0	19.25	18.71	0.00

AEP Internal Page 25 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 0128:19 PM
Go To TOC

State: KY December 2021

state : KY												Decembe	.1 2021	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
216	218	GS M SEC	30,486.43	1,657.21	28,829.22	207,791	0	687.2	1	0	0	14.67	13.87	0.00
	223	GS LM ON	3,388.29	173.88	3,214.41	19,934	12,709	0.0	2	0	0	17.00	16.13	0.00
	225	GS LM TOD	89,362.52	3,958.61	85,403.91	654,815	394,294	0.0	6	0	0	13.65	13.04	0.00
	229	GS-TOD	290,220.16	12,231.14	277,989.02	2,282,779	1,636,659	0.0	28	0	0	12.71	12.18	0.00
	240	LGS SEC	7,530,909.45	355,126.22	7,175,783.23	58,847,092	0	156,386.0	69	0	0	12.80	12.19	0.00
	242	LGS M SEC	700,135.95	33,080.82	667,055.13	5,635,226	0	13,397.0	6	0	0	12.42	11.84	0.00
	244	LGS PRI	488,671.40	24,422.23	464,249.17	4,081,345	0	13,537.0	4	0	0	11.97	11.37	0.00
	246	LGS M PRI	72,853.80	3,171.97	69,681.83	620,782	0	1,924.0	1	0	0	11.74	11.22	0.00
	251	LGS-LM-TD	120,004.87	9,660.43	110,344.44	903,621	540,480	0.0	2	0	0	13.28	12.21	0.00
	256	LGSSECTOD	238,256.26	13,880.46	224,375.80	1,987,233	1,406,624	4,211.0	2	0	0	11.99	11.29	0.00
	358	IGS PRI	2,140,556.64	139,752.97	2,000,803.67	22,607,677	0	47,286.0	4	0	0	9.47	8.85	0.00
	540	MW	226,491.72	12,788.02	213,703.70	1,810,856	0	2,722.9	9	0	0	12.51	11.80	0.00
216 - Sumr	nary		24,139,924.88	1,091,078.49	23,048,846.39	176,553,343	4,076,705	506,050.5	3,199	751	1,946	13.67	13.05	20,508.62
221	093	OL 175 MV	1,298.64	36.99	1,261.65	5,953	0	0.0	0	7	7	21.81	21.19	0.00
	094	OL 100 HP	8,359.51	205.91	8,153.60	27,633	0	0.0	0	31	59	30.25	29.51	134.04
	095	OL 400 MV	986.31	46.97	939.34	5,486	0	0.0	0	2	3	17.98	17.12	0.00
	097	OL 200 HP	7,459.94	258.33	7,201.61	34,918	0	0.0	0	9	36	21.36	20.62	222.07
	098	OL 400 HP	662.06	26.98	635.08	3,910	0	0.0	0	1	2	16.93	16.24	0.00
	107	OL 200HPF	5,812.43	175.91	5,636.52	25,104	0	0.0	0	14	26	23.15	22.45	0.00
	109	OL400 HPF	66,632.69	2,791.72	63,840.97	360,611	0	0.0	0	44	187	18.48	17.70	1,753.92
	110	OL 250 MH	1,656.11	53.20	1,602.91	7,009	0	0.0	0	1	6	23.63	22.87	0.00
	111	OL100 HPP	1,393.06	24.91	1,368.15	2,669	0	0.0	0	1	6	52.19	51.26	0.00
	113	OL 150 HP	8,790.01	245.72	8,544.29	32,394	0	0.0	0	24	48	27.13	26.38	882.58
	116	OL 400 MH	13,912.41	546.37	13,366.04	71,329	0	0.0	0	13	39	19.50	18.74	0.00
	131	OL 1000MH	2,741.44	100.96	2,640.48	18,004	0	0.0	0	2	4	15.23	14.67	0.00
	150	55W LEDOL	263.61	8.47	255.14	625	0	0.0	0	1	2	42.18	40.82	23.56
	204	GS-MTRD	1,654.45	48.09	1,606.36	7,797	0	0.0	3	0	0	21.22	20.60	0.00
	211	GS SEC	667,658.62	21,349.73	646,308.89	3,416,337	0	5,979.1	582	0	0	19.54	18.92	0.00
	215	GS SEC	1,591,791.27	77,069.74	1,514,721.53	10,445,393	0	42,427.9	144	0	0	15.24	14.50	0.00

AEP Internal Page 26 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
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State: KY December 2021

State : KY												Decembe	er 2021	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
221	217	GS PRI	110,232.67	4,452.14	105,780.53	674,038	0	4,002.9	10	0	0	16.35	15.69	0.00
	220	GSCC PRI	236,356.95	10,342.51	226,014.44	1,800,365	0	4,872.2	11	0	0	13.13	12.55	0.00
	240	LGS SEC	3,500,760.37	152,406.54	3,348,353.83	22,805,658	0	105,418.0	36	0	0	15.35	14.68	0.00
	244	LGS PRI	2,194,973.35	147,762.98	2,047,210.37	18,324,736	0	56,037.0	14	0	0	11.98	11.17	0.00
	248	LGS SUB	195,775.53	9,558.06	186,217.47	2,289,665	0	6,006.0	1	0	0	8.55	8.13	0.00
	250	LGS TRAN	20,623.54	175.75	20,447.79	219,000	0	476.0	1	0	0	9.42	9.34	0.00
	331	CS-IRP ST	5,839,111.00	27,050.00	5,812,061.00	121,447,277	0	19,147.0	1	0	0	4.81	4.79	0.00
	332	CS-IRP TR	1,389,019.58	83,844.81	1,305,174.77	17,190,049	0	47,460.0	1	0	0	8.08	7.59	0.00
	358	IGS PRI	5,346,920.59	360,899.16	4,986,021.43	56,949,318	0	118,615.0	9	0	0	9.39	8.76	0.00
	359	IGS SUB	6,083,509.31	190,328.04	5,893,181.27	41,560,199	-2,110,500	216,932.0	5	0	0	14.64	14.18	0.00
	360	IGS	1,173,905.11	39,510.36	1,134,394.75	9,115,000	-883,000	35,145.0	1	0	0	12.88	12.45	0.00
	370	IGS	917,307.73	65,895.01	851,412.72	10,883,400	-6,472,800	20,686.8	1	0	0	8.43	7.82	0.00
	371	IGS	72,428,460.04	5,063,615.50	67,364,844.54	1,206,817,133	-98,466,000	1,724,047.0	4	0	0	6.00	5.58	0.00
	372	IGS	12,403,529.93	1,456,453.97	10,947,075.96	203,981,729	0	312,714.0	1	0	0	6.08	5.37	0.00
221 - Sumi	nary		114,221,558.26	7,715,284.83	106,506,273.43	1,728,522,739	-107,932,300	2,719,965.9	824	150	425	6.61	6.16	3,016.17
222	097	OL 200 HP	867.85	26.59	841.26	3,966	0	0.0	0	2	4	21.88	21.21	48.00
	107	OL 200HPF	228.87	7.45	221.42	986	0	0.0	0	1	1	23.21	22.46	0.00
	109	OL400 HPF	2,844.81	107.23	2,737.58	15,668	0	0.0	0	5	8	18.16	17.47	48.00
	113	OL 150 HP	1,901.83	52.11	1,849.72	6,635	0	0.0	0	6	10	28.66	27.88	268.20
	211	GS SEC	64,466.04	2,278.14	62,187.90	385,049	0	1,238.9	27	0	0	16.74	16.15	0.00
	215	GS SEC	303,996.36	14,137.30	289,859.06	2,012,920	0	7,950.9	25	0	0	15.10	14.40	0.00
	220	GSCC PRI	27,639.57	1,086.84	26,552.73	202,414	0	492.0	2	0	0	13.65	13.12	0.00
	240	LGS SEC	603,200.81	32,745.76	570,455.05	3,880,504	0	17,446.0	6	0	0	15.54	14.70	0.00
	244	LGS PRI	315,924.50	23,480.05	292,444.45	2,959,285	0	6,000.0	1	0	0	10.68	9.88	0.00
	251	LGS-LM-TD	1,066.06	2.59	1,063.47	328	400	0.0	1	0	0	325.02	324.23	0.00
	356	IGS SEC	642,826.62	37,527.16	605,299.46	4,470,760	0	11,477.0	2	0	0	14.38	13.54	0.00
	358	IGS PRI	847,454.34	72,726.28	774,728.06	9,242,976	0	19,949.0	1	0	0	9.17	8.38	0.00
222 - Sumr	mary		2,812,417.66	184,177.50	2,628,240.16	23,181,491	400	64,553.8	65	14	23	12.13	11.34	364.20
230	094	OL 100 HP	979.81	22.25	957.56	3,312	0	0.0	0	6	7	29.58	28.91	0.00

AEP Internal Page 27 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/10/2022 0128:19 PM
Go To TOC

State: KY December 2021

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												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
230	095	OL 400 MV	330.38	11.16	319.22	1,873	0	0.0	0	1	1	17.64	17.04	0.00
	097	OL 200 HP	4,464.64	128.99	4,335.65	20,807	0	0.0	0	3	21	21.46	20.84	192.00
	107	OL 200HPF	945.51	22.36	923.15	3,997	0	0.0	0	3	4	23.66	23.10	24.00
	109	OL400 HPF	11,368.94	351.15	11,017.79	61,884	0	0.0	0	12	31	18.37	17.80	383.77
	113	OL 150 HP	4,645.06	125.87	4,519.19	18,051	0	0.0	0	16	27	25.73	25.04	293.38
	116	OL 400 MH	1,058.50	28.47	1,030.03	5,490	0	0.0	0	2	3	19.28	18.76	0.00
	150	55W LEDOL	88.56	2.77	85.79	240	0	0.0	0	1	1	36.90	35.75	0.00
	211	GS SEC	63,004.83	2,001.98	61,002.85	345,030	0	691.7	51	0	0	18.26	17.68	0.00
	215	GS SEC	319,309.75	12,128.15	307,181.60	2,003,405	0	10,243.9	52	0	0	15.94	15.33	0.00
	217	GS PRI	9,040.03	140.14	8,899.89	39,627	0	162.0	3	0	0	22.81	22.46	0.00
	220	GSCC PRI	516,784.21	20,974.06	495,810.15	3,534,890	0	15,483.4	28	0	0	14.62	14.03	0.00
	236	GSCC SUB	93,104.59	2,010.25	91,094.34	588,282	0	1,865.6	5	0	0	15.83	15.48	0.00
	240	LGS SEC	420,477.91	13,133.87	407,344.04	2,117,539	0	17,718.0	8	0	0	19.86	19.24	0.00
	244	LGS PRI	3,466,666.74	140,538.81	3,326,127.93	26,443,952	76,800	108,318.0	21	0	0	13.11	12.58	0.00
	248	LGS SUB	640,091.38	29,930.18	610,161.20	7,557,390	0	22,120.0	3	0	0	8.47	8.07	0.00
	257	LGSPRITOD	233,068.02	14,546.10	218,521.92	2,154,789	1,164,000	3,660.0	1	0	0	10.82	10.14	0.00
	330	CS-IRP PR	3,516,301.15	120,909.66	3,395,391.49	25,957,168	0	106,187.0	5	0	0	13.55	13.08	0.00
	333	CS-IRP	2,715,328.60	208,135.04	2,507,193.56	36,884,466	0	103,464.0	1	0	0	7.36	6.80	0.00
	358	IGS PRI	9,251,758.06	348,884.76	8,902,873.30	61,437,520	0	237,707.0	9	0	0	15.06	14.49	0.00
	359	IGS SUB	3,914,428.50	232,444.09	3,681,984.41	39,526,650	0	120,697.0	2	0	0	9.90	9.32	0.00
230 - Sumr	nary		25,183,245.17	1,146,470.11	24,036,775.06	208,706,362	1,240,800	748,317.6	190	44	95	12.07	11.52	893.15
400	093	OL 175 MV	369.09	14.25	354.84	1,670	0	0.0	0	1	2	22.10	21.25	0.00
	094	OL 100 HP	555.17	14.68	540.49	1,867	0	0.0	0	2	4	29.74	28.95	0.00
	107	OL 200HPF	226.12	6.96	219.16	974	0	0.0	0	1	1	23.22	22.50	0.00
	109	OL400 HPF	8,224.80	291.98	7,932.82	44,940	0	0.0	0	7	23	18.30	17.65	201.36
	111	OL100 HPP	22,190.71	273.33	21,917.38	43,349	0	0.0	0	19	92	51.19	50.56	0.00
	113	OL 150 HP	805.49	20.76	784.73	2,723	0	0.0	0	2	4	29.58	28.82	134.16
	122	OL150 HPP	3,009.34	36.54	2,972.80	5,441	0	0.0	0	2	8	55.31	54.64	0.00
	131	OL 1000MH	676.16	31.36	644.80	4,367	0	0.0	0	1	1	15.48	14.77	0.00

AEP Internal Page 28 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 0128:19 PM
Go To TOC

State: KY December 2021

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
400	204	GS-MTRD	1,664.22	0.15	1,664.07	11	0	0.0	8	0	0	15,129.27	15,127.91	0.00
	211	GS SEC	133,399.67	2,227.09	131,172.58	362,175	0	191.3	240	0	0	36.83	36.22	0.00
	213	GS-UMR	230.13	0.32	229.81	59	0	0.0	1	0	0	390.05	389.51	0.00
	215	GS SEC	70,168.71	3,136.61	67,032.10	462,887	0	1,938.4	6	0	0	15.16	14.48	0.00
	528	SL	1,787,644.07	40,931.77	1,746,712.30	8,462,724	0	0.0	55	0	0	21.12	20.64	0.00
400 - Sumi	mary		2,029,163.68	46,985.80	1,982,177.88	9,393,187	0	2,129.7	310	35	135	21.60	21.10	335.52
KY - Summ	ary		587,329,486.18	28,415,816.09	558,913,670.09	5,093,308,994	-86,947,236	6,974,011.9	165,416	45,778	54,847	11.53	10.97	297,639.28

AEP Internal Page 29 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

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KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1

Prepared: 01/10/2022 01:28.99 PM of 64 <u>Go To TOC</u>

December 2021

												Realizat	ion
Re Cla	larit	f Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Gran	d Total	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 30 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL Standard Service Offer

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01:28:39 PM of 64

Go To TOC

December 2021

												Realizat	tion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand	Total	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 31 of 64



TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01:28:99 pm of 64

Go To TOC

December 2021

												Realizat	ion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 32 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 102 Attachment 1

Prepared: 01/10/2022 01:28:49 \overrightarrow{PM} of 64 **Go To TOC**

December 2021

												Realizat	ion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

Page 33 of 64 **AEP Internal**



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01-2819 34 of 64
Go To TOC

December 2021

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											Realiz	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
011	RSW-LMWH	268,988.63	8,259.55	260,729.08	2,030,502	0	0.0	119	0	0	13.25	12.84	0.00
012	RSW-A	27,826.31	776.99	27,049.32	215,898	0	0.0	10	0	0	12.89	12.53	0.00
013	RSW-B	2,617.31	75.41	2,541.90	20,340	0	0.0	1	0	0	12.87	12.50	0.00
014	RSW-C	24,460.45	817.92	23,642.53	187,733	0	0.0	14	0	0	13.03	12.59	0.00
015	RS	127,759,681.05	3,486,834.96	124,272,846.09	907,182,064	53,756	9,629.2	65,372	0	0	14.08	13.70	0.00
017	RS EMP	844,007.12	22,170.44	821,836.68	6,220,804	0	0.0	336	0	0	13.57	13.21	0.00
022	RSW-RS	148,843,066.07	4,156,474.57	144,686,591.50	1,080,517,582	52,170	18,990.0	67,797	0	0	13.78	13.39	0.00
028	AORH-W ON	14,206.91	431.33	13,775.58	111,545	72,780	0.0	6	0	0	12.74	12.35	0.00
030	RSW-ONPK	178,685.46	4,852.95	173,832.51	1,355,660	827,139	0.0	65	0	0	13.18	12.82	0.00
032	RS LM-ON	205,659.08	5,593.86	200,065.22	1,565,242	973,086	0.0	77	0	0	13.14	12.78	0.00
034	AORH-ON	1,567.75	53.10	1,514.65	12,159	7,117	0.0	2	0	0	12.89	12.46	0.00
036	RS-TOD-ON	11,880.27	335.11	11,545.16	89,566	55,133	0.0	4	0	0	13.26	12.89	0.00
093	OL 175 MV	108,487.06	2,356.62	106,130.44	517,860	0	0.0	0	578	610	20.95	20.49	67.06
094	OL 100 HP	2,881,441.98	44,794.31	2,836,647.67	9,959,537	0	0.0	0	19,224	20,811	28.93	28.48	58,511.36
095	OL 400 MV	24,279.77	652.97	23,626.80	140,486	0	0.0	0	53	75	17.28	16.82	0.00
097	OL 200 HP	343,973.78	7,756.20	336,217.58	1,673,670	0	0.0	0	1,285	1,668	20.55	20.09	10,313.47
098	OL 400 HP	87,963.35	2,406.81	85,556.54	504,908	0	0.0	0	109	255	17.42	16.94	3,772.83
099	OL175 MVP	1,042.13	20.07	1,022.06	4,320	0	0.0	0	3	5	24.12	23.66	0.00
103	OL 250 HP	613.04	15.21	597.83	2,689	0	0.0	0	1	2	22.80	22.23	0.00
107	OL 200HPF	402,523.66	8,105.46	394,418.20	1,726,455	0	0.0	0	1,214	1,716	23.32	22.85	11,522.77
109	OL400 HPF	1,446,459.33	38,083.60	1,408,375.73	8,073,418	0	0.0	0	1,707	4,057	17.92	17.44	36,504.04
110	OL 250 MH	46,628.16	943.50	45,684.66	192,561	0	0.0	0	82	160	24.21	23.72	2,013.75
111	OL100 HPP	196,758.89	1,843.35	194,915.54	389,387	0	0.0	0	211	808	50.53	50.06	1,577.81
113	OL 150 HP	3,641,361.91	68,052.01	3,573,309.90	15,202,495	0	0.0	0	19,427	21,913	23.95	23.50	156,516.43
116	OL 400 MH	349,592.25	8,430.79	341,161.46	1,783,771	0	0.0	0	298	946	19.60	19.13	9,626.84
120	OL 250HPP	888.87	11.34	877.53	2,472	0	0.0	0	2	2	35.96	35.50	0.00
122	OL150 HPP	25,984.99	224.46	25,760.53	47,856	0	0.0	0	16	68	54.30	53.83	0.00

AEP Internal Page 34 of 64



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 012819 33 of 64
Go To TOC

December 2021

											Deceiline		
											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
126	OL 400HPP	1,813.81	28.26	1,785.55	6,000	0	0.0	0	2	3	30.23	29.76	0.00
130	OL 250MON	651.39	23.75	627.64	2,044	0	0.0	0	4	2	31.87	30.71	0.00
131	OL 1000MH	67,606.56	2,191.27	65,415.29	446,626	0	0.0	0	47	99	15.14	14.65	752.10
136	OL 400MON	5,212.02	100.44	5,111.58	22,099	0	0.0	0	5	12	23.58	23.13	45.07
150	55W LEDOL	157,071.88	4,368.81	152,703.07	421,993	0	0.0	0	1,510	1,634	37.22	36.19	6,415.75
160	65W LEDOL	19.78	0.63	19.15	28	0	0.0	0	0	0	70.64	68.39	0.00
204	GS-MTRD	227,479.25	4,173.15	223,306.10	1,034,699	0	0.0	434	0	0	21.99	21.58	0.00
211	GS SEC	26,556,287.34	555,450.07	26,000,837.27	140,593,101	159,153	224,277.5	22,568	0	0	18.89	18.49	0.00
212	GS-SEC M	734.28	13.82	720.46	2,867	0	0.0	1	0	0	25.61	25.13	0.00
213	GS-UMR	486,300.12	9,273.02	477,027.10	2,210,174	0	0.0	583	0	0	22.00	21.58	0.00
214	GS - AF	203,965.79	5,958.63	198,007.16	1,356,876	0	31,649.6	85	0	0	15.03	14.59	0.00
215	GS SEC	64,006,271.11	1,758,536.01	62,247,735.10	433,360,834	0	1,736,861.5	6,397	0	0	14.77	14.36	0.00
217	GS PRI	486,007.40	14,479.70	471,527.70	3,288,210	0	14,921.9	30	0	0	14.78	14.34	0.00
218	GS M SEC	29,383.40	792.38	28,591.02	204,880	0	687.2	1	0	0	14.34	13.96	0.00
220	GSCC PRI	876,340.20	27,108.87	849,231.33	6,354,510	0	22,919.4	44	0	0	13.79	13.36	0.00
223	GS LM ON	118,512.10	3,353.68	115,158.42	827,802	526,464	0.0	40	0	0	14.32	13.91	0.00
225	GS LM TOD	128,621.79	3,755.86	124,865.93	896,112	523,680	0.0	31	0	0	14.35	13.93	0.00
227	EXP GSTOD	1,437,653.14	35,693.82	1,401,959.32	8,668,400	7,217,463	0.0	499	0	0	16.58	16.17	0.00
229	GS-TOD	1,047,890.47	33,172.23	1,014,718.24	7,811,705	4,893,211	3,280.3	138	0	0	13.41	12.99	0.00
236	GSCC SUB	93,748.06	1,646.19	92,101.87	588,850	0	1,865.6	5	0	0	15.92	15.64	0.00
240	LGS SEC	38,453,083.46	1,178,494.59	37,274,588.87	299,491,956	0	838,193.0	389	0	0	12.84	12.45	0.00
242	LGS M SEC	871,255.06	28,032.85	843,222.21	7,134,000	0	16,782.0	7	0	0	12.21	11.82	0.00
244	LGS PRI	9,107,090.13	327,758.35	8,779,331.78	76,385,922	76,800	244,227.0	59	0	0	11.92	11.49	0.00
246	LGS M PRI	73,273.98	2,447.89	70,826.09	630,360	0	1,924.0	1	0	0	11.62	11.24	0.00
248	LGS SUB	1,598,704.12	73,065.30	1,525,638.82	18,450,700	0	50,308.0	9	0	0	8.66	8.27	0.00
250	LGS TRAN	20,623.54	175.75	20,447.79	219,000	0	476.0	1	0	0	9.42	9.34	0.00
251	LGS-LM-TD	230,342.37	9,830.14	220,512.23	1,764,704	1,008,760	0.0	7	0	0	13.05	12.50	0.00

AEP Internal Page 35 of 64



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 0128:13 28 36 of 64
Go To TOC

December 2021

											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
256	LGSSECTOD	638,365.82	22,240.17	616,125.65	5,635,344	3,374,352	11,395.0	6	0	0	11.33	10.93	0.00
257	LGSPRITOD	233,068.02	14,546.10	218,521.92	2,154,789	1,164,000	3,660.0	1	0	0	10.82	10.14	0.00
260	PS SEC	12,798,860.85	379,200.26	12,419,660.59	91,458,272	0	344,819.0	144	0	0	13.99	13.58	0.00
264	PS PRI	234,372.92	7,403.07	226,969.85	1,961,700	0	6,926.0	1	0	0	11.95	11.57	0.00
330	CS-IRP PR	3,533,311.21	109,860.73	3,423,450.48	26,269,496	0	106,187.0	5	0	0	13.45	13.03	0.00
331	CS-IRP ST	5,839,111.00	27,050.00	5,812,061.00	121,447,277	0	19,147.0	1	0	0	4.81	4.79	0.00
332	CS-IRP TR	1,387,915.19	80,110.83	1,307,804.36	17,220,000	0	47,460.0	1	0	0	8.06	7.59	0.00
333	CS-IRP	2,736,373.08	188,842.37	2,547,530.71	37,440,000	0	103,464.0	1	0	0	7.31	6.80	0.00
356	IGS SEC	2,210,859.55	82,050.45	2,128,809.10	20,650,560	0	42,260.0	6	0	0	10.71	10.31	0.00
358	IGS PRI	25,884,178.68	1,054,601.53	24,829,577.15	250,250,232	0	598,086.0	35	0	0	10.34	9.92	0.00
359	IGS SUB	11,461,181.97	460,254.54	11,000,927.43	102,266,090	-2,110,500	378,300.0	12	0	0	11.21	10.76	0.00
360	IGS	1,173,905.11	39,510.36	1,134,394.75	9,115,000	-883,000	35,145.0	1	0	0	12.88	12.45	0.00
370	IGS	917,307.73	65,895.01	851,412.72	10,883,400	-6,472,800	20,686.8	1	0	0	8.43	7.82	0.00
371	IGS	72,511,939.95	5,020,539.02	67,491,400.93	1,209,129,000	-98,466,000	1,724,047.0	4	0	0	6.00	5.58	0.00
372	IGS	12,346,193.35	899,736.70	11,446,456.65	211,633,000	0	312,714.0	1	0	0	5.83	5.41	0.00
528	SL	1,786,729.40	40,713.55	1,746,015.85	8,458,491	0	0.0	55	0	0	21.12	20.64	0.00
540	MW	227,640.57	7,548.86	220,091.71	1,865,409	0	2,722.9	9	0	0	12.20	11.80	0.00
Grand 1	Total - Summary	589,947,902.53	20,450,401.90	569,497,500.63	5,179,743,492	-86,947,236	6,974,011.9	165,416	45,778	54,847	11.39	10.99	297,639.28

AEP Internal Page 36 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/10/2022 0128:19 PM
Go To TOC

December 2021

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
010	011	RSW-LMWH	78,820.39	2,348.60	76,471.79	581,008	0	0.0	43	0	0	13.57	13.16	0.00
	014	RSW-C	16,420.71	543.59	15,877.12	123,126	0	0.0	11	0	0	13.34	12.90	0.00
	015	RS	63,513,503.06	1,660,572.80	61,852,930.26	439,002,873	3,937	5,280.5	37,213	0	0	14.47	14.09	0.00
	022	RSW-RS	22,745,708.55	618,445.78	22,127,262.77	160,335,656	0	686.0	12,253	0	0	14.19	13.80	0.00
	036	RS-TOD-ON	1,270.01	22.87	1,247.14	5,620	3,173	0.0	2	0	0	22.60	22.19	0.00
	093	OL 175 MV	54,107.57	1,179.27	52,928.30	259,821	0	0.0	0	308	308	20.82	20.37	67.06
	094	OL 100 HP	1,098,171.25	17,141.83	1,081,029.42	3,825,623	0	0.0	0	7,534	7,994	28.71	28.26	18,009.92
	095	OL 400 MV	1,920.12	54.27	1,865.85	11,376	0	0.0	0	4	6	16.88	16.40	0.00
	097	OL 200 HP	67,279.06	1,533.26	65,745.80	337,990	0	0.0	0	313	336	19.91	19.45	1,169.88
	098	OL 400 HP	3,426.96	112.85	3,314.11	20,764	0	0.0	0	11	11	16.50	15.96	12.53
	107	OL 200HPF	54,222.56	1,149.15	53,073.41	242,615	0	0.0	0	202	242	22.35	21.88	954.51
	109	OL400 HPF	59,963.27	1,651.85	58,311.42	348,378	0	0.0	0	112	175	17.21	16.74	729.54
	110	OL 250 MH	4,084.72	100.86	3,983.86	18,283	0	0.0	0	15	15	22.34	21.79	0.00
	111	OL100 HPP	6,154.64	60.21	6,094.43	12,615	0	0.0	0	15	26	48.79	48.31	67.09
	113	OL 150 HP	997,601.81	18,788.38	978,813.43	4,212,845	0	0.0	0	5,541	6,080	23.68	23.23	37,954.70
	116	OL 400 MH	5,899.44	145.68	5,753.76	31,226	0	0.0	0	13	16	18.89	18.43	131.50
	122	OL150 HPP	732.57	6.65	725.92	1,408	0	0.0	0	2	2	52.03	51.56	0.00
	130	OL 250MON	340.58	5.60	334.98	1,204	0	0.0	0	1	1	28.29	27.82	0.00
	131	OL 1000MH	1,510.70	66.93	1,443.77	10,427	0	0.0	0	2	2	14.49	13.85	0.00
	136	OL 400MON	427.64	9.17	418.47	1,896	0	0.0	0	1	1	22.55	22.07	0.00
	150	55W LEDOL	47,236.44	1,353.88	45,882.56	128,630	0	0.0	0	472	498	36.72	35.67	1,606.07
	211	GS SEC	693.41	1.70	691.71	5,492	0	0.0	0	0	0	12.63	12.59	0.00
Total 010			88,759,495.46	2,325,295.18	86,434,200.28	609,518,876	7,110	5,966.5	49,522	14,546	15,715	14.56	14.18	60,702.80
020	011	RSW-LMWH	190,168.24	5,910.95	184,257.29	1,449,494	0	0.0	76	0	0	13.12	12.71	0.00
	012	RSW-A	27,826.31	776.99	27,049.32	215,898	0	0.0	10	0	0	12.89	12.53	0.00
	013	RSW-B	2,617.31	75.41	2,541.90	20,340	0	0.0	1	0	0	12.87	12.50	0.00
	014	RSW-C	8,039.74	274.33	7,765.41	64,607	0	0.0	2	0	0	12.44	12.02	0.00
	015	RS	64,244,882.24	1,826,229.14	62,418,653.10	468,171,210	49,819	4,348.7	28,158	0	0	13.72	13.33	0.00
	017	RS EMP	844,007.12	22,170.44	821,836.68	6,220,804	0	0.0	336	0	0	13.57	13.21	0.00

AEP Internal Page 37 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/10/2022 012819 PM
Go To TOC

December 2021

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
020	022	RSW-RS	126,097,339.63	3,538,028.79	122,559,310.84	920,181,926	52,170	18,304.0	55,544	0	0	13.70	13.32	0.00
	028	AORH-W ON	14,206.91	431.33	13,775.58	111,545	72,780	0.0	6	0	0	12.74	12.35	0.00
	030	RSW-ONPK	178,685.46	4,852.95	173,832.51	1,355,660	827,139	0.0	65	0	0	13.18	12.82	0.00
	032	RS LM-ON	205,659.08	5,593.86	200,065.22	1,565,242	973,086	0.0	77	0	0	13.14	12.78	0.00
	034	AORH-ON	1,567.75	53.10	1,514.65	12,159	7,117	0.0	2	0	0	12.89	12.46	0.00
	036	RS-TOD-ON	10,610.26	312.24	10,298.02	83,946	51,960	0.0	2	0	0	12.64	12.27	0.00
	093	OL 175 MV	27,273.88	599.14	26,674.74	131,565	0	0.0	0	150	154	20.73	20.27	0.00
	094	OL 100 HP	1,507,964.18	23,490.35	1,484,473.83	5,220,186	0	0.0	0	10,233	10,918	28.89	28.44	34,091.81
	095	OL 400 MV	950.36	26.50	923.86	5,649	0	0.0	0	3	3	16.82	16.35	0.00
	097	OL 200 HP	106,575.00	2,470.99	104,104.01	534,376	0	0.0	0	497	533	19.94	19.48	1,963.20
	098	OL 400 HP	9,279.86	267.27	9,012.59	55,830	0	0.0	0	26	28	16.62	16.14	177.45
	107	OL 200HPF	78,938.50	1,619.84	77,318.66	346,371	0	0.0	0	305	345	22.79	22.32	2,313.06
	109	OL400 HPF	81,790.97	2,256.54	79,534.43	477,491	0	0.0	0	196	241	17.13	16.66	1,569.95
	110	OL 250 MH	4,196.84	101.25	4,095.59	18,563	0	0.0	0	13	16	22.61	22.06	67.14
	111	OL100 HPP	28,134.93	272.14	27,862.79	56,885	0	0.0	0	96	119	49.46	48.98	531.04
	113	OL 150 HP	2,094,988.36	39,568.35	2,055,420.01	8,852,766	0	0.0	0	11,697	12,768	23.66	23.22	79,012.15
	116	OL 400 MH	6,614.17	175.63	6,438.54	35,520	0	0.0	0	15	19	18.62	18.13	43.05
	120	OL 250HPP	435.66	5.69	429.97	1,236	0	0.0	0	1	1	35.25	34.79	0.00
	122	OL150 HPP	1,451.96	13.19	1,438.77	2,800	0	0.0	0	4	4	51.86	51.38	0.00
	126	OL 400HPP	588.53	9.37	579.16	2,000	0	0.0	0	1	1	29.43	28.96	0.00
	130	OL 250MON	-361.97	9.92	-371.89	-1,427	0	0.0	0	0	-1	25.37	26.06	0.00
	131	OL 1000MH	2,622.69	80.52	2,542.17	17,924	0	0.0	0	1	4	14.63	14.18	0.00
	136	OL 400MON	904.76	11.47	893.29	3,852	0	0.0	0	2	2	23.49	23.19	0.00
	150	55W LEDOL	93,031.46	2,568.03	90,463.43	249,598	0	0.0	0	913	966	37.27	36.24	4,055.28
	160	65W LEDOL	19.78	0.63	19.15	28	0	0.0	0	0	0	70.64	68.39	0.00
	211	GS SEC	7,417.50	-84.84	7,502.34	52,320	0	16.3	3	0	0	14.18	14.34	0.00
	215	GS SEC	550.75	-13.77	564.52	3,721	0	19.5	0	0	0	14.80	15.17	0.00
Total 020			195,878,978.22	5,478,157.74	190,400,820.48	1,415,520,085	2,034,071	22,688.5	84,282	24,154	26,120	13.84	13.45	123,824.13
211	015	RS	59.60	0.52	59.08	150	0	0.0	0	0	0	39.73	39.39	0.00

AEP Internal Page 38 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/10/2022 0128:19 PM
Go To TOC

December 2021

												Realiz	zation	
v Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
1	022	RSW-RS	17.89	0.00	17.89	0	0	0.0	0	0	0	0.00	0.00	0.00
	093	OL 175 MV	15,865.26	334.22	15,531.04	73,950	0	0.0	0	71	87	21.45	21.00	0.00
	094	OL 100 HP	185,637.86	2,800.37	182,837.49	615,960	0	0.0	0	1,036	1,281	30.14	29.68	4,327.28
	095	OL 400 MV	10,304.93	268.63	10,036.30	59,294	0	0.0	0	25	32	17.38	16.93	0.00
	097	OL 200 HP	96,006.98	2,108.13	93,898.85	456,060	0	0.0	0	284	453	21.05	20.59	3,454.76
	098	OL 400 HP	22,143.76	628.03	21,515.73	129,042	0	0.0	0	38	66	17.16	16.67	568.50
	099	OL175 MVP	833.84	16.07	817.77	3,456	0	0.0	0	2	4	24.13	23.66	0.00
	103	OL 250 HP	613.04	15.21	597.83	2,689	0	0.0	0	1	2	22.80	22.23	0.00
	107	OL 200HPF	143,011.13	2,817.21	140,193.92	604,590	0	0.0	0	391	601	23.65	23.19	4,214.63
	109	OL400 HPF	641,455.56	16,849.34	624,606.22	3,577,948	0	0.0	0	752	1,800	17.93	17.46	14,489.28
	110	OL 250 MH	17,176.14	338.07	16,838.07	70,231	0	0.0	0	34	58	24.46	23.98	781.71
	111	OL100 HPP	47,497.69	437.40	47,060.29	93,025	0	0.0	0	33	194	51.06	50.59	499.28
	113	OL 150 HP	358,402.60	6,440.67	351,961.93	1,418,705	0	0.0	0	1,568	2,037	25.26	24.81	21,182.20
	116	OL 400 MH	191,359.24	4,560.28	186,798.96	975,078	0	0.0	0	152	518	19.63	19.16	5,241.62
	122	OL150 HPP	3,840.37	33.19	3,807.18	7,040	0	0.0	0	1	10	54.55	54.08	0.00
	126	OL 400HPP	1,225.28	18.89	1,206.39	4,000	0	0.0	0	1	2	30.63	30.16	0.00
	130	OL 250MON	672.78	8.23	664.55	2,267	0	0.0	0	2	2	29.68	29.31	0.00
	131	OL 1000MH	33,859.25	1,092.04	32,767.21	222,828	0	0.0	0	25	49	15.20	14.71	483.50
	136	OL 400MON	3,879.62	79.80	3,799.82	16,351	0	0.0	0	2	9	23.73	23.24	45.07
	150	55W LEDOL	11,955.53	325.59	11,629.94	31,557	0	0.0	0	94	123	37.89	36.85	442.03
	204	GS-MTRD	213,069.48	4,092.17	208,977.31	1,017,115	0	0.0	377	0	0	20.95	20.55	0.00
	211	GS SEC	18,533,623.71	376,363.14	18,157,260.57	95,004,034	60,509	122,034.9	17,002	0	0	19.51	19.11	0.00
	212	GS-SEC M	734.28	13.82	720.46	2,867	0	0.0	1	0	0	25.61	25.13	0.00
	213	GS-UMR	381,846.62	7,332.32	374,514.30	1,757,017	0	0.0	434	0	0	21.73	21.32	0.00
	214	GS - AF	4,600.04	70.81	4,529.23	18,599	0	1,582.1	6	0	0	24.73	24.35	0.00
	215	GS SEC	30,315,821.91	830,751.68	29,485,070.23	206,743,489	0	804,474.9	3,090	0	0	14.66	14.26	0.00
	217	GS PRI	163,662.37	5,720.01	157,942.36	1,198,920	0	3,619.4	8	0	0	13.65	13.17	0.00
	220	GSCC PRI	61,034.03	1,419.47	59,614.56	460,680	0	1,411.8	3	0	0	13.25	12.94	0.00
	223	GS LM ON	7,167.97	175.62	6,992.35	42,720	23,830	0.0	4	0	0	16.78	16.37	0.00

AEP Internal Page 39 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
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Dated August 14, 2023
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Go To TOC

December 2021

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
211	225	GS LM TOD	2,000.74	46.77	1,953.97	9,599	5,655	0.0	2	0	0	20.84	20.36	0.00
	227	EXP GSTOD	950,650.42	23,331.94	927,318.48	5,650,666	4,700,685	0.0	362	0	0	16.82	16.41	0.00
	229	GS-TOD	436,614.86	14,725.19	421,889.67	3,146,515	1,835,282	3,280.3	57	0	0	13.88	13.41	0.00
	240	LGS SEC	11,007,338.16	346,341.36	10,660,996.80	88,978,169	0	215,596.0	112	0	0	12.37	11.98	0.00
	244	LGS PRI	1,471,505.74	60,016.15	1,411,489.59	13,239,720	0	32,750.0	10	0	0	11.11	10.66	0.00
	248	LGS SUB	516,301.33	35,976.64	480,324.69	5,479,100	0	16,476.0	4	0	0	9.42	8.77	0.00
	256	LGSSECTOD	397,035.94	12,017.59	385,018.35	3,510,032	1,967,728	7,184.0	4	0	0	11.31	10.97	0.00
	356	IGS SEC	1,541,261.64	64,679.54	1,476,582.10	15,806,880	0	30,783.0	4	0	0	9.75	9.34	0.00
	358	IGS PRI	6,897,293.05	348,908.51	6,548,384.54	83,383,200	0	147,090.0	8	0	0	8.27	7.85	0.00
	359	IGS SUB	1,344,548.80	77,141.45	1,267,407.35	19,129,050	0	34,806.0	3	0	0	7.03	6.63	0.00
Total 211			76,031,929.44	2,248,296.07	73,783,633.37	552,942,593	8,593,689	1,421,088.4	21,491	4,513	7,327	13.75	13.34	55,729.86
212	015	RS	1,236.15	32.50	1,203.65	7,831	0	0.0	1	0	0	15.79	15.37	0.00
	093	OL 175 MV	2,396.96	52.04	2,344.92	11,232	0	0.0	0	13	13	21.34	20.88	0.00
	094	OL 100 HP	42,334.40	636.41	41,697.99	140,163	0	0.0	0	232	292	30.20	29.75	1,061.83
	095	OL 400 MV	3,942.67	108.00	3,834.67	22,752	0	0.0	0	7	12	17.33	16.85	0.00
	097	OL 200 HP	28,575.30	648.46	27,926.84	133,856	0	0.0	0	104	136	21.35	20.86	1,209.27
	098	OL 400 HP	10,285.49	281.07	10,004.42	59,510	0	0.0	0	14	30	17.28	16.81	359.37
	099	OL175 MVP	208.29	4.00	204.29	864	0	0.0	0	1	1	24.11	23.64	0.00
	107	OL 200HPF	57,764.45	1,156.67	56,607.78	244,493	0	0.0	0	157	243	23.63	23.15	1,664.77
	109	OL400 HPF	247,811.53	6,470.44	241,341.09	1,374,442	0	0.0	0	287	691	18.03	17.56	6,926.61
	110	OL 250 MH	12,645.28	232.29	12,412.99	49,364	0	0.0	0	9	41	25.62	25.15	1,030.64
	111	OL100 HPP	6,113.75	59.63	6,054.12	11,596	0	0.0	0	6	24	52.72	52.21	230.44
	113	OL 150 HP	101,126.87	1,783.29	99,343.58	390,504	0	0.0	0	393	560	25.90	25.44	8,021.22
	116	OL 400 MH	66,949.58	1,598.24	65,351.34	337,935	0	0.0	0	63	179	19.81	19.34	2,341.69
	131	OL 1000MH	19,917.87	651.06	19,266.81	131,983	0	0.0	0	8	29	15.09	14.60	134.24
	150	55W LEDOL	2,816.42	70.68	2,745.74	6,996	0	0.0	0	20	27	40.26	39.25	217.37
	211	GS SEC	3,954,281.53	91,150.21	3,863,131.32	23,642,189	12,705	57,991.1	2,314	0	0	16.73	16.34	0.00
	215	GS SEC	19,775,620.96	529,860.30	19,245,760.66	132,278,268	0	570,651.5	2,116	0	0	14.95	14.55	0.00
	217	GS PRI	123,099.45	3,829.55	119,269.90	941,820	0	2,658.2	5	0	0	13.07	12.66	0.00

AEP Internal Page 40 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/10/2022 0128:19 PM
Go To TOC

December 2021

												Decembe		
												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
12	220	GSCC PRI	45,343.46	2,393.43	42,950.03	372,600	0	660.0	1	0	0	12.17	11.53	0.00
	223	GS LM ON	98,824.21	2,796.86	96,027.35	686,761	429,605	0.0	33	0	0	14.39	13.98	0.00
	225	GS LM TOD	36,320.73	887.01	35,433.72	212,581	123,731	0.0	23	0	0	17.09	16.67	0.00
	227	EXP GSTOD	487,002.72	12,361.88	474,640.84	3,017,734	2,516,778	0.0	137	0	0	16.14	15.73	0.00
	229	GS-TOD	315,997.41	9,156.26	306,841.15	2,308,556	1,421,270	0.0	53	0	0	13.69	13.29	0.00
	240	LGS SEC	13,251,486.23	406,906.57	12,844,579.66	106,009,708	0	271,008.0	129	0	0	12.50	12.12	0.00
	242	LGS M SEC	167,246.67	5,448.29	161,798.38	1,375,200	0	3,385.0	1	0	0	12.16	11.77	0.00
	244	LGS PRI	850,727.03	28,972.54	821,754.49	7,787,400	0	19,509.0	6	0	0	10.92	10.55	0.00
	248	LGS SUB	196,540.05	9,956.68	186,583.37	2,387,000	0	5,706.0	1	0	0	8.23	7.82	0.00
	251	LGS-LM-TD	111,327.11	4,006.47	107,320.64	842,220	467,880	0.0	4	0	0	13.22	12.74	0.00
	358	IGS PRI	856,574.66	39,373.07	817,201.59	9,420,720	0	18,115.0	2	0	0	9.09	8.67	0.00
Total 212			40,874,517.23	1,160,883.90	39,713,633.33	294,206,278	4,971,969	949,683.8	4,826	1,314	2,278	13.89	13.50	23,197.45
213	093	OL 175 MV	1,111.12	24.44	1,086.68	5,184	0	0.0	0	6	6	21.43	20.96	0.00
	094	OL 100 HP	6,814.09	106.57	6,707.52	23,294	0	0.0	0	26	48	29.25	28.80	0.00
	095	OL 400 MV	1,314.76	36.00	1,278.76	7,584	0	0.0	0	3	4	17.34	16.86	0.00
	097	OL 200 HP	6,194.85	137.79	6,057.06	29,317	0	0.0	0	19	29	21.13	20.66	244.50
	098	OL 400 HP	4,071.06	102.81	3,968.25	21,937	0	0.0	0	4	12	18.56	18.09	345.79
	107	OL 200HPF	21,807.57	433.38	21,374.19	92,736	0	0.0	0	46	92	23.52	23.05	557.64
	109	OL400 HPF	152,706.52	3,961.63	148,744.89	838,468	0	0.0	0	95	420	18.21	17.74	5,441.47
	110	OL 250 MH	1,192.84	22.42	1,170.42	4,816	0	0.0	0	3	4	24.77	24.30	67.11
	111	OL100 HPP	7,086.89	66.36	7,020.53	14,036	0	0.0	0	4	29	50.49	50.02	0.00
	113	OL 150 HP	11,414.28	190.68	11,223.60	40,626	0	0.0	0	29	58	28.10	27.63	1,610.28
	116	OL 400 MH	28,922.61	698.39	28,224.22	148,253	0	0.0	0	19	79	19.51	19.04	733.37
	131	OL 1000MH	766.08	21.93	744.15	4,540	0	0.0	0	1	1	16.87	16.39	67.22
	150	55W LEDOL	219.49	6.12	213.37	604	0	0.0	0	2	2	36.34	35.33	0.00
	211	GS SEC	385,585.58	9,597.72	375,987.86	2,204,081	0	5,445.8	249	0	0	17.49	17.06	0.00
	214	GS - AF	144,076.59	4,405.23	139,671.36	960,667	0	22,325.9	59	0	0	15.00	14.54	0.00
	215	GS SEC	2,904,757.71	85,255.72	2,819,501.99	19,582,195	0	76,148.3	218	0	0	14.83	14.40	0.00
	217	GS PRI	1,116.47	116.39	1,000.08	7,020	0	16.2	0	0	0	15.90	14.25	0.00

AEP Internal Page 41 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/10/2022 0128-19 PM
Go To TOC

December 2021

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
213	223	GS LM ON	9,226.88	276.82	8,950.06	78,880	60,320	0.0	1	0	0	11.70	11.35	0.00
	240	LGS SEC	2,085,628.66	61,152.41	2,024,476.25	14,916,796	0	54,621.0	30	0	0	13.98	13.57	0.00
	244	LGS PRI	266,329.00	12,755.32	253,573.68	2,118,080	0	8,076.0	2	0	0	12.57	11.97	0.00
	260	PS SEC	12,798,860.85	379,200.26	12,419,660.59	91,458,272	0	344,819.0	144	0	0	13.99	13.58	0.00
	264	PS PRI	234,372.92	7,403.07	226,969.85	1,961,700	0	6,926.0	1	0	0	11.95	11.57	0.00
	358	IGS PRI	397,878.14	15,125.64	382,752.50	3,575,400	0	9,324.0	1	0	0	11.13	10.71	0.00
	359	IGS SUB	228,481.92	7,895.82	220,586.10	1,817,900	0	5,865.0	1	0	0	12.57	12.13	0.00
Total 213			19,699,936.88	588,992.92	19,110,943.96	139,912,386	60,320	533,567.2	706	257	783	14.08	13.66	9,067.38
216	093	OL 175 MV	6,063.69	130.84	5,932.85	28,334	0	0.0	0	23	33	21.40	20.94	0.00
	094	OL 100 HP	30,454.02	460.75	29,993.27	100,431	0	0.0	0	125	208	30.32	29.86	886.48
	095	OL 400 MV	4,537.12	124.04	4,413.08	26,247	0	0.0	0	8	14	17.29	16.81	0.00
	097	OL 200 HP	26,395.56	572.02	25,823.54	120,582	0	0.0	0	54	120	21.89	21.42	1,809.79
	098	OL 400 HP	38,093.16	995.89	37,097.27	213,825	0	0.0	0	15	107	17.82	17.35	2,309.19
	107	OL 200HPF	39,504.16	777.28	38,726.88	163,902	0	0.0	0	93	162	24.10	23.63	1,794.16
	109	OL400 HPF	173,480.03	4,566.09	168,913.94	960,675	0	0.0	0	197	481	18.06	17.58	4,960.14
	110	OL 250 MH	5,660.93	114.63	5,546.30	24,080	0	0.0	0	7	20	23.51	23.03	67.15
	111	OL100 HPP	77,805.82	722.58	77,083.24	153,798	0	0.0	0	36	318	50.59	50.12	249.96
	113	OL 150 HP	61,343.82	1,002.80	60,341.02	224,763	0	0.0	0	150	321	27.29	26.85	7,157.56
	116	OL 400 MH	34,709.53	875.92	33,833.61	176,030	0	0.0	0	21	94	19.72	19.22	1,135.61
	120	OL 250HPP	453.21	5.65	447.56	1,236	0	0.0	0	1	1	36.67	36.21	0.00
	122	OL150 HPP	16,885.76	144.80	16,740.96	30,976	0	0.0	0	7	44	54.51	54.04	0.00
	131	OL 1000MH	5,507.59	170.24	5,337.35	36,224	0	0.0	0	6	8	15.20	14.73	67.14
	150	55W LEDOL	1,506.23	37.34	1,468.89	3,857	0	0.0	0	7	14	39.05	38.08	71.44
	204	GS-MTRD	11,019.07	45.91	10,973.16	9,682	0	0.0	46	0	0	113.81	113.34	0.00
	211	GS SEC	2,735,749.93	59,197.75	2,676,552.18	15,082,703	85,939	30,688.4	2,100	0	0	18.14	17.75	0.00
	213	GS-UMR	104,218.79	1,940.46	102,278.33	453,097	0	0.0	149	0	0	23.00	22.57	0.00
	214	GS - AF	55,289.16	1,482.59	53,806.57	377,610	0	7,741.6	20	0	0	14.64	14.25	0.00
	215	GS SEC	8,710,863.61	243,611.97	8,467,251.64	59,482,407	0	223,006.2	747	0	0	14.64	14.23	0.00
	217	GS PRI	80,296.86	1,744.70	78,552.16	424,850	0	4,463.2	4	0	0	18.90	18.49	0.00

AEP Internal Page 42 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 012819 PM
Go To TOC

December 2021

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
216	218	GS M SEC	29,383.40	792.38	28,591.02	204,880	0	687.2	1	0	0	14.34	13.96	0.00
	223	GS LM ON	3,293.04	104.38	3,188.66	19,441	12,709	0.0	2	0	0	16.94	16.40	0.00
	225	GS LM TOD	90,300.32	2,822.08	87,478.24	673,932	394,294	0.0	6	0	0	13.40	12.98	0.00
	229	GS-TOD	295,278.20	9,290.78	285,987.42	2,356,634	1,636,659	0.0	28	0	0	12.53	12.14	0.00
	240	LGS SEC	7,628,090.94	238,459.68	7,389,631.26	60,661,975	0	156,386.0	69	0	0	12.57	12.18	0.00
	242	LGS M SEC	704,008.39	22,584.56	681,423.83	5,758,800	0	13,397.0	6	0	0	12.22	11.83	0.00
	244	LGS PRI	489,233.83	16,202.99	473,030.84	4,143,560	0	13,537.0	4	0	0	11.81	11.42	0.00
	246	LGS M PRI	73,273.98	2,447.89	70,826.09	630,360	0	1,924.0	1	0	0	11.62	11.24	0.00
	251	LGS-LM-TD	117,736.86	5,821.72	111,915.14	921,984	540,480	0.0	2	0	0	12.77	12.14	0.00
	256	LGSSECTOD	241,329.88	10,222.58	231,107.30	2,125,312	1,406,624	4,211.0	2	0	0	11.36	10.87	0.00
	358	IGS PRI	2,143,651.35	95,669.03	2,047,982.32	23,124,600	0	47,286.0	4	0	0	9.27	8.86	0.00
	540	MW	227,640.57	7,548.86	220,091.71	1,865,409	0	2,722.9	9	0	0	12.20	11.80	0.00
Fotal 216			24,263,058.81	730,691.18	23,532,367.63	180,582,196	4,076,705	506,050.5	3,199	751	1,946	13.44	13.03	20,508.62
221	093	OL 175 MV	1,300.21	28.66	1,271.55	6,046	0	0.0	0	7	7	21.51	21.03	0.00
	094	OL 100 HP	8,509.16	133.15	8,376.01	28,556	0	0.0	0	31	59	29.80	29.33	134.04
	095	OL 400 MV	979.73	26.39	953.34	5,688	0	0.0	0	2	3	17.22	16.76	0.00
	097	OL 200 HP	7,557.85	165.22	7,392.63	36,189	0	0.0	0	9	36	20.88	20.43	222.07
	098	OL 400 HP	663.06	18.89	644.17	4,000	0	0.0	0	1	2	16.58	16.10	0.00
	107	OL 200HPF	5,861.10	123.19	5,737.91	25,676	0	0.0	0	14	26	22.83	22.35	0.00
	109	OL400 HPF	66,735.61	1,737.04	64,998.57	371,415	0	0.0	0	44	187	17.97	17.50	1,753.92
	110	OL 250 MH	1,671.41	33.98	1,637.43	7,224	0	0.0	0	1	6	23.14	22.67	0.00
	111	OL100 HPP	1,457.77	13.41	1,444.36	2,904	0	0.0	0	1	6	50.20	49.74	0.00
	113	OL 150 HP	8,988.91	150.70	8,838.21	33,808	0	0.0	0	24	48	26.59	26.14	882.58
	116	OL 400 MH	14,060.48	350.35	13,710.13	74,088	0	0.0	0	13	39	18.98	18.51	0.00
	131	OL 1000MH	2,740.39	87.12	2,653.27	18,160	0	0.0	0	2	4	15.09	14.61	0.00
	150	55W LEDOL	224.48	5.11	219.37	531	0	0.0	0	1	2	42.27	41.31	23.56
	204	GS-MTRD	1,661.04	35.00	1,626.04	7,890	0	0.0	3	0	0	21.05	20.61	0.00
	211	GS SEC	674,277.55	14,821.57	659,455.98	3,479,715	0	5,979.1	582	0	0	19.38	18.95	0.00
	215	GS SEC	1,608,679.83	50,089.72	1,558,590.11	10,737,978	0	42,427.9	144	0	0	14.98	14.51	0.00

AEP Internal Page 43 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/10/2022 012819 PM
Go To TOC

December 2021

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
221	217	GS PRI	108,590.20	2,979.48	105,610.72	673,420	0	4,002.9	10	0	0	16.13	15.68	0.00
	220	GSCC PRI	238,231.72	7,081.13	231,150.59	1,839,080	0	4,872.2	11	0	0	12.95	12.57	0.00
	240	LGS SEC	3,482,225.74	97,164.31	3,385,061.43	23,066,772	0	105,418.0	36	0	0	15.10	14.68	0.00
	244	LGS PRI	2,142,176.78	91,400.23	2,050,776.55	18,249,750	0	56,037.0	14	0	0	11.74	11.24	0.00
	248	LGS SUB	197,162.43	8,977.28	188,185.15	2,310,000	0	6,006.0	1	0	0	8.54	8.15	0.00
	250	LGS TRAN	20,623.54	175.75	20,447.79	219,000	0	476.0	1	0	0	9.42	9.34	0.00
	331	CS-IRP ST	5,839,111.00	27,050.00	5,812,061.00	121,447,277	0	19,147.0	1	0	0	4.81	4.79	0.00
	332	CS-IRP TR	1,387,915.19	80,110.83	1,307,804.36	17,220,000	0	47,460.0	1	0	0	8.06	7.59	0.00
	358	IGS PRI	5,499,616.41	234,128.21	5,265,488.20	59,189,062	0	118,615.0	9	0	0	9.29	8.90	0.00
	359	IGS SUB	6,022,533.26	165,805.94	5,856,727.32	42,049,940	-2,110,500	216,932.0	5	0	0	14.32	13.93	0.00
	360	IGS	1,173,905.11	39,510.36	1,134,394.75	9,115,000	-883,000	35,145.0	1	0	0	12.88	12.45	0.00
	370	IGS	917,307.73	65,895.01	851,412.72	10,883,400	-6,472,800	20,686.8	1	0	0	8.43	7.82	0.00
	371	IGS	72,511,939.95	5,020,539.02	67,491,400.93	1,209,129,000	-98,466,000	1,724,047.0	4	0	0	6.00	5.58	0.00
	372	IGS	12,346,193.35	899,736.70	11,446,456.65	211,633,000	0	312,714.0	1	0	0	5.83	5.41	0.00
Total 221			114,292,900.99	6,808,373.75	107,484,527.24	1,741,864,569	-107,932,300	2,719,965.9	824	150	425	6.56	6.17	3,016.17
222	097	OL 200 HP	873.25	19.16	854.09	4,048	0	0.0	0	2	4	21.57	21.10	48.00
	107	OL 200HPF	230.60	4.68	225.92	1,012	0	0.0	0	1	1	22.79	22.32	0.00
	109	OL400 HPF	2,848.36	75.66	2,772.70	16,000	0	0.0	0	5	8	17.80	17.33	48.00
	113	OL 150 HP	1,941.48	31.10	1,910.38	6,928	0	0.0	0	6	10	28.02	27.57	268.20
	211	GS SEC	64,659.21	1,548.24	63,110.97	392,173	0	1,238.9	27	0	0	16.49	16.09	0.00
	215	GS SEC	299,885.55	9,172.39	290,713.16	2,018,381	0	7,950.9	25	0	0	14.86	14.40	0.00
	220	GSCC PRI	27,797.43	882.57	26,914.86	205,200	0	492.0	2	0	0	13.55	13.12	0.00
	240	LGS SEC	567,908.45	20,014.64	547,893.81	3,714,000	0	17,446.0	6	0	0	15.29	14.75	0.00
	244	LGS PRI	326,532.29	12,065.71	314,466.58	3,177,600	0	6,000.0	1	0	0	10.28	9.90	0.00
	251	LGS-LM-TD	1,278.40	1.95	1,276.45	500	400	0.0	1	0	0	255.68	255.29	0.00
	356	IGS SEC	669,597.91	17,370.91	652,227.00	4,843,680	0	11,477.0	2	0	0	13.82	13.47	0.00
	358	IGS PRI	867,987.92	40,998.90	826,989.02	9,735,600	0	19,949.0	1	0	0	8.92	8.49	0.00
Total 222			2,831,540.85	102,185.91	2,729,354.94	24,115,122	400	64,553.8	65	14	23	11.74	11.32	364.20
230	094	OL 100 HP	991.15	15.89	975.26	3,388	0	0.0	0	6	7	29.25	28.79	0.00

AEP Internal Page 44 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
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Prepared: 01/10/2022 012819 PM
Go To TOC

December 2021

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
230	095	OL 400 MV	330.08	9.14	320.94	1,896	0	0.0	0	1	1	17.41	16.93	0.00
	097	OL 200 HP	4,515.93	101.17	4,414.76	21,252	0	0.0	0	3	21	21.25	20.77	192.00
	107	OL 200HPF	952.90	19.33	933.57	4,048	0	0.0	0	3	4	23.54	23.06	24.00
	109	OL400 HPF	11,395.01	295.98	11,099.03	62,601	0	0.0	0	12	31	18.20	17.73	383.77
	113	OL 150 HP	4,734.95	82.83	4,652.12	18,734	0	0.0	0	16	27	25.27	24.83	293.38
	116	OL 400 MH	1,077.20	26.30	1,050.90	5,641	0	0.0	0	2	3	19.10	18.63	0.00
	150	55W LEDOL	81.83	2.06	79.77	220	0	0.0	0	1	1	37.20	36.26	0.00
	211	GS SEC	63,809.35	1,364.27	62,445.08	353,741	0	691.7	51	0	0	18.04	17.65	0.00
	215	GS SEC	318,611.89	7,909.57	310,702.32	2,032,780	0	10,243.9	52	0	0	15.67	15.28	0.00
	217	GS PRI	9,242.05	89.57	9,152.48	42,180	0	162.0	3	0	0	21.91	21.70	0.00
	220	GSCC PRI	503,933.56	15,332.27	488,601.29	3,476,950	0	15,483.4	28	0	0	14.49	14.05	0.00
	236	GSCC SUB	93,748.06	1,646.19	92,101.87	588,850	0	1,865.6	5	0	0	15.92	15.64	0.00
	240	LGS SEC	430,405.28	8,455.62	421,949.66	2,144,536	0	17,718.0	8	0	0	20.07	19.68	0.00
	244	LGS PRI	3,560,585.46	106,345.41	3,454,240.05	27,669,812	76,800	108,318.0	21	0	0	12.87	12.48	0.00
	248	LGS SUB	688,700.31	18,154.70	670,545.61	8,274,600	0	22,120.0	3	0	0	8.32	8.10	0.00
	257	LGSPRITOD	233,068.02	14,546.10	218,521.92	2,154,789	1,164,000	3,660.0	1	0	0	10.82	10.14	0.00
	330	CS-IRP PR	3,533,311.21	109,860.73	3,423,450.48	26,269,496	0	106,187.0	5	0	0	13.45	13.03	0.00
	333	CS-IRP	2,736,373.08	188,842.37	2,547,530.71	37,440,000	0	103,464.0	1	0	0	7.31	6.80	0.00
	358	IGS PRI	9,221,177.15	280,398.17	8,940,778.98	61,821,650	0	237,707.0	9	0	0	14.92	14.46	0.00
	359	IGS SUB	3,865,617.99	209,411.33	3,656,206.66	39,269,200	0	120,697.0	2	0	0	9.84	9.31	0.00
Total 230			25,282,662.46	962,909.00	24,319,753.46	211,656,364	1,240,800	748,317.6	190	44	95	11.95	11.49	893.15
400	093	OL 175 MV	368.37	8.01	360.36	1,728	0	0.0	0	1	2	21.32	20.85	0.00
	094	OL 100 HP	565.87	8.99	556.88	1,936	0	0.0	0	2	4	29.23	28.76	0.00
	107	OL 200HPF	230.69	4.73	225.96	1,012	0	0.0	0	1	1	22.80	22.33	0.00
	109	OL400 HPF	8,272.47	219.03	8,053.44	46,000	0	0.0	0	7	23	17.98	17.51	201.36
	111	OL100 HPP	22,507.40	211.62	22,295.78	44,528	0	0.0	0	19	92	50.55	50.07	0.00
	113	OL 150 HP	818.83	13.21	805.62	2,816	0	0.0	0	2	4	29.08	28.61	134.16
	122	OL150 HPP	3,074.33	26.63	3,047.70	5,632	0	0.0	0	2	8	54.59	54.11	0.00
	131	OL 1000MH	681.99	21.43	660.56	4,540	0	0.0	0	1	1	15.02	14.55	0.00

AEP Internal Page 45 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 0128:19 PM
Go To TOC

December 2021

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
400	204	GS-MTRD	1,729.66	0.07	1,729.59	12	0	0.0	8	0	0	14,413.83	14,413.25	0.00
	211	GS SEC	136,189.57	1,490.31	134,699.26	376,653	0	191.3	240	0	0	36.16	35.76	0.00
	213	GS-UMR	234.71	0.24	234.47	60	0	0.0	1	0	0	391.18	390.78	0.00
	215	GS SEC	71,478.90	1,898.43	69,580.47	481,615	0	1,938.4	6	0	0	14.84	14.45	0.00
	528	SL	1,786,729.40	40,713.55	1,746,015.85	8,458,491	0	0.0	55	0	0	21.12	20.64	0.00
Total 400			2,032,882.19	44,616.25	1,988,265.94	9,425,023	0	2,129.7	310	35	135	21.57	21.10	335.52
Grand Tota	al		589,947,902.53	20,450,401.90	569,497,500.63	5,179,743,492	-86,947,236	6,974,011.9	165,416	45,778	54,847	11.39	10.99	297,639.28

AEP Internal Page 46 of 64



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01-28:19 PM
Go To TOC

State: KY December 2021

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											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
011	RSW-LMWH	268,988.63	8,259.55	260,729.08	2,030,502	0	0.0	119	0	0	13.25	12.84	0.00
012	RSW-A	27,826.31	776.99	27,049.32	215,898	0	0.0	10	0	0	12.89	12.53	0.00
013	RSW-B	2,617.31	75.41	2,541.90	20,340	0	0.0	1	0	0	12.87	12.50	0.00
014	RSW-C	24,460.45	817.92	23,642.53	187,733	0	0.0	14	0	0	13.03	12.59	0.00
015	RS	127,759,681.05	3,486,834.96	124,272,846.09	907,182,064	53,756	9,629.2	65,372	0	0	14.08	13.70	0.00
017	RS EMP	844,007.12	22,170.44	821,836.68	6,220,804	0	0.0	336	0	0	13.57	13.21	0.00
022	RSW-RS	148,843,066.07	4,156,474.57	144,686,591.50	1,080,517,582	52,170	18,990.0	67,797	0	0	13.78	13.39	0.00
028	AORH-W ON	14,206.91	431.33	13,775.58	111,545	72,780	0.0	6	0	0	12.74	12.35	0.00
030	RSW-ONPK	178,685.46	4,852.95	173,832.51	1,355,660	827,139	0.0	65	0	0	13.18	12.82	0.00
032	RS LM-ON	205,659.08	5,593.86	200,065.22	1,565,242	973,086	0.0	77	0	0	13.14	12.78	0.00
034	AORH-ON	1,567.75	53.10	1,514.65	12,159	7,117	0.0	2	0	0	12.89	12.46	0.00
036	RS-TOD-ON	11,880.27	335.11	11,545.16	89,566	55,133	0.0	4	0	0	13.26	12.89	0.00
093	OL 175 MV	108,487.06	2,356.62	106,130.44	517,860	0	0.0	0	578	610	20.95	20.49	67.06
094	OL 100 HP	2,881,441.98	44,794.31	2,836,647.67	9,959,537	0	0.0	0	19,224	20,811	28.93	28.48	58,511.36
095	OL 400 MV	24,279.77	652.97	23,626.80	140,486	0	0.0	0	53	75	17.28	16.82	0.00
097	OL 200 HP	343,973.78	7,756.20	336,217.58	1,673,670	0	0.0	0	1,285	1,668	20.55	20.09	10,313.47
098	OL 400 HP	87,963.35	2,406.81	85,556.54	504,908	0	0.0	0	109	255	17.42	16.94	3,772.83
099	OL175 MVP	1,042.13	20.07	1,022.06	4,320	0	0.0	0	3	5	24.12	23.66	0.00
103	OL 250 HP	613.04	15.21	597.83	2,689	0	0.0	0	1	2	22.80	22.23	0.00
107	OL 200HPF	402,523.66	8,105.46	394,418.20	1,726,455	0	0.0	0	1,214	1,716	23.32	22.85	11,522.77
109	OL400 HPF	1,446,459.33	38,083.60	1,408,375.73	8,073,418	0	0.0	0	1,707	4,057	17.92	17.44	36,504.04
110	OL 250 MH	46,628.16	943.50	45,684.66	192,561	0	0.0	0	82	160	24.21	23.72	2,013.75
111	OL100 HPP	196,758.89	1,843.35	194,915.54	389,387	0	0.0	0	211	808	50.53	50.06	1,577.81
113	OL 150 HP	3,641,361.91	68,052.01	3,573,309.90	15,202,495	0	0.0	0	19,427	21,913	23.95	23.50	156,516.43
116	OL 400 MH	349,592.25	8,430.79	341,161.46	1,783,771	0	0.0	0	298	946	19.60	19.13	9,626.84
120	OL 250HPP	888.87	11.34	877.53	2,472	0	0.0	0	2	2	35.96	35.50	0.00
122	OL150 HPP	25,984.99	224.46	25,760.53	47,856	0	0.0	0	16	68	54.30	53.83	0.00

AEP Internal Page 47 of 64



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 012819 PM of 64
Go To TOC

State : KY December 2021

State . Ni											Decembe	1 2021	
											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
126	OL 400HPP	1,813.81	28.26	1,785.55	6,000	0	0.0	0	2	3	30.23	29.76	0.00
130	OL 250MON	651.39	23.75	627.64	2,044	0	0.0	0	4	2	31.87	30.71	0.00
131	OL 1000MH	67,606.56	2,191.27	65,415.29	446,626	0	0.0	0	47	99	15.14	14.65	752.10
136	OL 400MON	5,212.02	100.44	5,111.58	22,099	0	0.0	0	5	12	23.58	23.13	45.07
150	55W LEDOL	157,071.88	4,368.81	152,703.07	421,993	0	0.0	0	1,510	1,634	37.22	36.19	6,415.75
160	65W LEDOL	19.78	0.63	19.15	28	0	0.0	0	0	0	70.64	68.39	0.00
204	GS-MTRD	227,479.25	4,173.15	223,306.10	1,034,699	0	0.0	434	0	0	21.99	21.58	0.00
211	GS SEC	26,556,287.34	555,450.07	26,000,837.27	140,593,101	159,153	224,277.5	22,568	0	0	18.89	18.49	0.00
212	GS-SEC M	734.28	13.82	720.46	2,867	0	0.0	1	0	0	25.61	25.13	0.00
213	GS-UMR	486,300.12	9,273.02	477,027.10	2,210,174	0	0.0	583	0	0	22.00	21.58	0.00
214	GS - AF	203,965.79	5,958.63	198,007.16	1,356,876	0	31,649.6	85	0	0	15.03	14.59	0.00
215	GS SEC	64,006,271.11	1,758,536.01	62,247,735.10	433,360,834	0	1,736,861.5	6,397	0	0	14.77	14.36	0.00
217	GS PRI	486,007.40	14,479.70	471,527.70	3,288,210	0	14,921.9	30	0	0	14.78	14.34	0.00
218	GS M SEC	29,383.40	792.38	28,591.02	204,880	0	687.2	1	0	0	14.34	13.96	0.00
220	GSCC PRI	876,340.20	27,108.87	849,231.33	6,354,510	0	22,919.4	44	0	0	13.79	13.36	0.00
223	GS LM ON	118,512.10	3,353.68	115,158.42	827,802	526,464	0.0	40	0	0	14.32	13.91	0.00
225	GS LM TOD	128,621.79	3,755.86	124,865.93	896,112	523,680	0.0	31	0	0	14.35	13.93	0.00
227	EXP GSTOD	1,437,653.14	35,693.82	1,401,959.32	8,668,400	7,217,463	0.0	499	0	0	16.58	16.17	0.00
229	GS-TOD	1,047,890.47	33,172.23	1,014,718.24	7,811,705	4,893,211	3,280.3	138	0	0	13.41	12.99	0.00
236	GSCC SUB	93,748.06	1,646.19	92,101.87	588,850	0	1,865.6	5	0	0	15.92	15.64	0.00
240	LGS SEC	38,453,083.46	1,178,494.59	37,274,588.87	299,491,956	0	838,193.0	389	0	0	12.84	12.45	0.00
242	LGS M SEC	871,255.06	28,032.85	843,222.21	7,134,000	0	16,782.0	7	0	0	12.21	11.82	0.00
244	LGS PRI	9,107,090.13	327,758.35	8,779,331.78	76,385,922	76,800	244,227.0	59	0	0	11.92	11.49	0.00
246	LGS M PRI	73,273.98	2,447.89	70,826.09	630,360	0	1,924.0	1	0	0	11.62	11.24	0.00
248	LGS SUB	1,598,704.12	73,065.30	1,525,638.82	18,450,700	0	50,308.0	9	0	0	8.66	8.27	0.00
250	LGS TRAN	20,623.54	175.75	20,447.79	219,000	0	476.0	1	0	0	9.42	9.34	0.00
251	LGS-LM-TD	230,342.37	9,830.14	220,512.23	1,764,704	1,008,760	0.0	7	0	0	13.05	12.50	0.00

AEP Internal Page 48 of 64



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01/2019 PM of 64
Go To TOC

State: KY December 2021

											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
256	LGSSECTOD	638,365.82	22,240.17	616,125.65	5,635,344	3,374,352	11,395.0	6	0	0	11.33	10.93	0.00
257	LGSPRITOD	233,068.02	14,546.10	218,521.92	2,154,789	1,164,000	3,660.0	1	0	0	10.82	10.14	0.00
260	PS SEC	12,798,860.85	379,200.26	12,419,660.59	91,458,272	0	344,819.0	144	0	0	13.99	13.58	0.00
264	PS PRI	234,372.92	7,403.07	226,969.85	1,961,700	0	6,926.0	1	0	0	11.95	11.57	0.00
330	CS-IRP PR	3,533,311.21	109,860.73	3,423,450.48	26,269,496	0	106,187.0	5	0	0	13.45	13.03	0.00
331	CS-IRP ST	5,839,111.00	27,050.00	5,812,061.00	121,447,277	0	19,147.0	1	0	0	4.81	4.79	0.00
332	CS-IRP TR	1,387,915.19	80,110.83	1,307,804.36	17,220,000	0	47,460.0	1	0	0	8.06	7.59	0.00
333	CS-IRP	2,736,373.08	188,842.37	2,547,530.71	37,440,000	0	103,464.0	1	0	0	7.31	6.80	0.00
356	IGS SEC	2,210,859.55	82,050.45	2,128,809.10	20,650,560	0	42,260.0	6	0	0	10.71	10.31	0.00
358	IGS PRI	25,884,178.68	1,054,601.53	24,829,577.15	250,250,232	0	598,086.0	35	0	0	10.34	9.92	0.00
359	IGS SUB	11,461,181.97	460,254.54	11,000,927.43	102,266,090	-2,110,500	378,300.0	12	0	0	11.21	10.76	0.00
360	IGS	1,173,905.11	39,510.36	1,134,394.75	9,115,000	-883,000	35,145.0	1	0	0	12.88	12.45	0.00
370	IGS	917,307.73	65,895.01	851,412.72	10,883,400	-6,472,800	20,686.8	1	0	0	8.43	7.82	0.00
371	IGS	72,511,939.95	5,020,539.02	67,491,400.93	1,209,129,000	-98,466,000	1,724,047.0	4	0	0	6.00	5.58	0.00
372	IGS	12,346,193.35	899,736.70	11,446,456.65	211,633,000	0	312,714.0	1	0	0	5.83	5.41	0.00
528	SL	1,786,729.40	40,713.55	1,746,015.85	8,458,491	0	0.0	55	0	0	21.12	20.64	0.00
540	MW	227,640.57	7,548.86	220,091.71	1,865,409	0	2,722.9	9	0	0	12.20	11.80	0.00
KY - Sumn	nary	589,947,902.53	20,450,401.90	569,497,500.63	5,179,743,492	-86,947,236	6,974,011.9	165,416	45,778	54,847	11.39	10.99	297,639.28

AEP Internal Page 49 of 64



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 102 Attachment 1

Prepared: 01/10/2022 01:28 ម៉ា of 64 **Go To TOC**

December 2021

												Realizat	ion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 50 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
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Prepared: 01/10/2022 0128:19 PM
Go To TOC

State: KY December 2021

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												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
010	011	RSW-LMWH	78,820.39	2,348.60	76,471.79	581,008	0	0.0	43	0	0	13.57	13.16	0.00
	014	RSW-C	16,420.71	543.59	15,877.12	123,126	0	0.0	11	0	0	13.34	12.90	0.00
	015	RS	63,513,503.06	1,660,572.80	61,852,930.26	439,002,873	3,937	5,280.5	37,213	0	0	14.47	14.09	0.00
	022	RSW-RS	22,745,708.55	618,445.78	22,127,262.77	160,335,656	0	686.0	12,253	0	0	14.19	13.80	0.00
	036	RS-TOD-ON	1,270.01	22.87	1,247.14	5,620	3,173	0.0	2	0	0	22.60	22.19	0.00
	093	OL 175 MV	54,107.57	1,179.27	52,928.30	259,821	0	0.0	0	308	308	20.82	20.37	67.06
	094	OL 100 HP	1,098,171.25	17,141.83	1,081,029.42	3,825,623	0	0.0	0	7,534	7,994	28.71	28.26	18,009.92
	095	OL 400 MV	1,920.12	54.27	1,865.85	11,376	0	0.0	0	4	6	16.88	16.40	0.00
	097	OL 200 HP	67,279.06	1,533.26	65,745.80	337,990	0	0.0	0	313	336	19.91	19.45	1,169.88
	098	OL 400 HP	3,426.96	112.85	3,314.11	20,764	0	0.0	0	11	11	16.50	15.96	12.53
	107	OL 200HPF	54,222.56	1,149.15	53,073.41	242,615	0	0.0	0	202	242	22.35	21.88	954.51
	109	OL400 HPF	59,963.27	1,651.85	58,311.42	348,378	0	0.0	0	112	175	17.21	16.74	729.54
	110	OL 250 MH	4,084.72	100.86	3,983.86	18,283	0	0.0	0	15	15	22.34	21.79	0.00
	111	OL100 HPP	6,154.64	60.21	6,094.43	12,615	0	0.0	0	15	26	48.79	48.31	67.09
	113	OL 150 HP	997,601.81	18,788.38	978,813.43	4,212,845	0	0.0	0	5,541	6,080	23.68	23.23	37,954.70
	116	OL 400 MH	5,899.44	145.68	5,753.76	31,226	0	0.0	0	13	16	18.89	18.43	131.50
	122	OL150 HPP	732.57	6.65	725.92	1,408	0	0.0	0	2	2	52.03	51.56	0.00
	130	OL 250MON	340.58	5.60	334.98	1,204	0	0.0	0	1	1	28.29	27.82	0.00
	131	OL 1000MH	1,510.70	66.93	1,443.77	10,427	0	0.0	0	2	2	14.49	13.85	0.00
	136	OL 400MON	427.64	9.17	418.47	1,896	0	0.0	0	1	1	22.55	22.07	0.00
	150	55W LEDOL	47,236.44	1,353.88	45,882.56	128,630	0	0.0	0	472	498	36.72	35.67	1,606.07
	211	GS SEC	693.41	1.70	691.71	5,492	0	0.0	0	0	0	12.63	12.59	0.00
010 - Sumr	nary		88,759,495.46	2,325,295.18	86,434,200.28	609,518,876	7,110	5,966.5	49,522	14,546	15,715	14.56	14.18	60,702.80
020	011	RSW-LMWH	190,168.24	5,910.95	184,257.29	1,449,494	0	0.0	76	0	0	13.12	12.71	0.00
	012	RSW-A	27,826.31	776.99	27,049.32	215,898	0	0.0	10	0	0	12.89	12.53	0.00
	013	RSW-B	2,617.31	75.41	2,541.90	20,340	0	0.0	1	0	0	12.87	12.50	0.00
	014	RSW-C	8,039.74	274.33	7,765.41	64,607	0	0.0	2	0	0	12.44	12.02	0.00
	015	RS	64,244,882.24	1,826,229.14	62,418,653.10	468,171,210	49,819	4,348.7	28,158	0	0	13.72	13.33	0.00
	017	RS EMP	844,007.12	22,170.44	821,836.68	6,220,804	0	0.0	336	0	0	13.57	13.21	0.00

AEP Internal Page 51 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/10/2022 01:28:19 EM
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State: KY December 2021

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Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
020	022	RSW-RS	126,097,339.63	3,538,028.79	122,559,310.84	920,181,926	52,170	18,304.0	55,544	0	0	13.70	13.32	0.00
	028	AORH-W ON	14,206.91	431.33	13,775.58	111,545	72,780	0.0	6	0	0	12.74	12.35	0.00
	030	RSW-ONPK	178,685.46	4,852.95	173,832.51	1,355,660	827,139	0.0	65	0	0	13.18	12.82	0.00
	032	RS LM-ON	205,659.08	5,593.86	200,065.22	1,565,242	973,086	0.0	77	0	0	13.14	12.78	0.00
	034	AORH-ON	1,567.75	53.10	1,514.65	12,159	7,117	0.0	2	0	0	12.89	12.46	0.00
	036	RS-TOD-ON	10,610.26	312.24	10,298.02	83,946	51,960	0.0	2	0	0	12.64	12.27	0.00
	093	OL 175 MV	27,273.88	599.14	26,674.74	131,565	0	0.0	0	150	154	20.73	20.27	0.00
	094	OL 100 HP	1,507,964.18	23,490.35	1,484,473.83	5,220,186	0	0.0	0	10,233	10,918	28.89	28.44	34,091.81
	095	OL 400 MV	950.36	26.50	923.86	5,649	0	0.0	0	3	3	16.82	16.35	0.00
	097	OL 200 HP	106,575.00	2,470.99	104,104.01	534,376	0	0.0	0	497	533	19.94	19.48	1,963.20
	098	OL 400 HP	9,279.86	267.27	9,012.59	55,830	0	0.0	0	26	28	16.62	16.14	177.45
	107	OL 200HPF	78,938.50	1,619.84	77,318.66	346,371	0	0.0	0	305	345	22.79	22.32	2,313.06
	109	OL400 HPF	81,790.97	2,256.54	79,534.43	477,491	0	0.0	0	196	241	17.13	16.66	1,569.95
	110	OL 250 MH	4,196.84	101.25	4,095.59	18,563	0	0.0	0	13	16	22.61	22.06	67.14
	111	OL100 HPP	28,134.93	272.14	27,862.79	56,885	0	0.0	0	96	119	49.46	48.98	531.04
	113	OL 150 HP	2,094,988.36	39,568.35	2,055,420.01	8,852,766	0	0.0	0	11,697	12,768	23.66	23.22	79,012.15
	116	OL 400 MH	6,614.17	175.63	6,438.54	35,520	0	0.0	0	15	19	18.62	18.13	43.05
	120	OL 250HPP	435.66	5.69	429.97	1,236	0	0.0	0	1	1	35.25	34.79	0.00
	122	OL150 HPP	1,451.96	13.19	1,438.77	2,800	0	0.0	0	4	4	51.86	51.38	0.00
	126	OL 400HPP	588.53	9.37	579.16	2,000	0	0.0	0	1	1	29.43	28.96	0.00
	130	OL 250MON	-361.97	9.92	-371.89	-1,427	0	0.0	0	0	-1	25.37	26.06	0.00
	131	OL 1000MH	2,622.69	80.52	2,542.17	17,924	0	0.0	0	1	4	14.63	14.18	0.00
	136	OL 400MON	904.76	11.47	893.29	3,852	0	0.0	0	2	2	23.49	23.19	0.00
	150	55W LEDOL	93,031.46	2,568.03	90,463.43	249,598	0	0.0	0	913	966	37.27	36.24	4,055.28
	160	65W LEDOL	19.78	0.63	19.15	28	0	0.0	0	0	0	70.64	68.39	0.00
	211	GS SEC	7,417.50	-84.84	7,502.34	52,320	0	16.3	3	0	0	14.18	14.34	0.00
	215	GS SEC	550.75	-13.77	564.52	3,721	0	19.5	0	0	0	14.80	15.17	0.00
020 - Sumr	nary		195,878,978.22	5,478,157.74	190,400,820.48	1,415,520,085	2,034,071	22,688.5	84,282	24,154	26,120	13.84	13.45	123,824.13
211	015	RS	59.60	0.52	59.08	150	0	0.0	0	0	0	39.73	39.39	0.00

AEP Internal Page 52 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 0128:19 PM
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State: KY December 2021

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ev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
11	022	RSW-RS	17.89	0.00	17.89	0	0	0.0	0	0	0	0.00	0.00	0.00
	093	OL 175 MV	15,865.26	334.22	15,531.04	73,950	0	0.0	0	71	87	21.45	21.00	0.00
	094	OL 100 HP	185,637.86	2,800.37	182,837.49	615,960	0	0.0	0	1,036	1,281	30.14	29.68	4,327.28
	095	OL 400 MV	10,304.93	268.63	10,036.30	59,294	0	0.0	0	25	32	17.38	16.93	0.00
	097	OL 200 HP	96,006.98	2,108.13	93,898.85	456,060	0	0.0	0	284	453	21.05	20.59	3,454.76
	098	OL 400 HP	22,143.76	628.03	21,515.73	129,042	0	0.0	0	38	66	17.16	16.67	568.50
	099	OL175 MVP	833.84	16.07	817.77	3,456	0	0.0	0	2	4	24.13	23.66	0.00
	103	OL 250 HP	613.04	15.21	597.83	2,689	0	0.0	0	1	2	22.80	22.23	0.00
	107	OL 200HPF	143,011.13	2,817.21	140,193.92	604,590	0	0.0	0	391	601	23.65	23.19	4,214.63
	109	OL400 HPF	641,455.56	16,849.34	624,606.22	3,577,948	0	0.0	0	752	1,800	17.93	17.46	14,489.28
	110	OL 250 MH	17,176.14	338.07	16,838.07	70,231	0	0.0	0	34	58	24.46	23.98	781.71
	111	OL100 HPP	47,497.69	437.40	47,060.29	93,025	0	0.0	0	33	194	51.06	50.59	499.28
	113	OL 150 HP	358,402.60	6,440.67	351,961.93	1,418,705	0	0.0	0	1,568	2,037	25.26	24.81	21,182.20
	116	OL 400 MH	191,359.24	4,560.28	186,798.96	975,078	0	0.0	0	152	518	19.63	19.16	5,241.62
	122	OL150 HPP	3,840.37	33.19	3,807.18	7,040	0	0.0	0	1	10	54.55	54.08	0.00
	126	OL 400HPP	1,225.28	18.89	1,206.39	4,000	0	0.0	0	1	2	30.63	30.16	0.00
	130	OL 250MON	672.78	8.23	664.55	2,267	0	0.0	0	2	2	29.68	29.31	0.00
	131	OL 1000MH	33,859.25	1,092.04	32,767.21	222,828	0	0.0	0	25	49	15.20	14.71	483.50
	136	OL 400MON	3,879.62	79.80	3,799.82	16,351	0	0.0	0	2	9	23.73	23.24	45.07
	150	55W LEDOL	11,955.53	325.59	11,629.94	31,557	0	0.0	0	94	123	37.89	36.85	442.03
	204	GS-MTRD	213,069.48	4,092.17	208,977.31	1,017,115	0	0.0	377	0	0	20.95	20.55	0.00
	211	GS SEC	18,533,623.71	376,363.14	18,157,260.57	95,004,034	60,509	122,034.9	17,002	0	0	19.51	19.11	0.00
	212	GS-SEC M	734.28	13.82	720.46	2,867	0	0.0	1	0	0	25.61	25.13	0.00
	213	GS-UMR	381,846.62	7,332.32	374,514.30	1,757,017	0	0.0	434	0	0	21.73	21.32	0.00
	214	GS - AF	4,600.04	70.81	4,529.23	18,599	0	1,582.1	6	0	0	24.73	24.35	0.00
	215	GS SEC	30,315,821.91	830,751.68	29,485,070.23	206,743,489	0	804,474.9	3,090	0	0	14.66	14.26	0.00
	217	GS PRI	163,662.37	5,720.01	157,942.36	1,198,920	0	3,619.4	8	0	0	13.65	13.17	0.00
	220	GSCC PRI	61,034.03	1,419.47	59,614.56	460,680	0	1,411.8	3	0	0	13.25	12.94	0.00
	223	GS LM ON	7,167.97	175.62	6,992.35	42,720	23,830	0.0	4	0	0	16.78	16.37	0.00

AEP Internal Page 53 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/10/2022 0128:19 PM
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State: KY December 2021

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Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
211	225	GS LM TOD	2,000.74	46.77	1,953.97	9,599	5,655	0.0	2	0	0	20.84	20.36	0.00
	227	EXP GSTOD	950,650.42	23,331.94	927,318.48	5,650,666	4,700,685	0.0	362	0	0	16.82	16.41	0.00
	229	GS-TOD	436,614.86	14,725.19	421,889.67	3,146,515	1,835,282	3,280.3	57	0	0	13.88	13.41	0.00
	240	LGS SEC	11,007,338.16	346,341.36	10,660,996.80	88,978,169	0	215,596.0	112	0	0	12.37	11.98	0.00
	244	LGS PRI	1,471,505.74	60,016.15	1,411,489.59	13,239,720	0	32,750.0	10	0	0	11.11	10.66	0.00
	248	LGS SUB	516,301.33	35,976.64	480,324.69	5,479,100	0	16,476.0	4	0	0	9.42	8.77	0.00
	256	LGSSECTOD	397,035.94	12,017.59	385,018.35	3,510,032	1,967,728	7,184.0	4	0	0	11.31	10.97	0.00
	356	IGS SEC	1,541,261.64	64,679.54	1,476,582.10	15,806,880	0	30,783.0	4	0	0	9.75	9.34	0.00
	358	IGS PRI	6,897,293.05	348,908.51	6,548,384.54	83,383,200	0	147,090.0	8	0	0	8.27	7.85	0.00
	359	IGS SUB	1,344,548.80	77,141.45	1,267,407.35	19,129,050	0	34,806.0	3	0	0	7.03	6.63	0.00
211 - Sumr	mary		76,031,929.44	2,248,296.07	73,783,633.37	552,942,593	8,593,689	1,421,088.4	21,491	4,513	7,327	13.75	13.34	55,729.86
212	015	RS	1,236.15	32.50	1,203.65	7,831	0	0.0	1	0	0	15.79	15.37	0.00
	093	OL 175 MV	2,396.96	52.04	2,344.92	11,232	0	0.0	0	13	13	21.34	20.88	0.00
	094	OL 100 HP	42,334.40	636.41	41,697.99	140,163	0	0.0	0	232	292	30.20	29.75	1,061.83
	095	OL 400 MV	3,942.67	108.00	3,834.67	22,752	0	0.0	0	7	12	17.33	16.85	0.00
	097	OL 200 HP	28,575.30	648.46	27,926.84	133,856	0	0.0	0	104	136	21.35	20.86	1,209.27
	098	OL 400 HP	10,285.49	281.07	10,004.42	59,510	0	0.0	0	14	30	17.28	16.81	359.37
	099	OL175 MVP	208.29	4.00	204.29	864	0	0.0	0	1	1	24.11	23.64	0.00
	107	OL 200HPF	57,764.45	1,156.67	56,607.78	244,493	0	0.0	0	157	243	23.63	23.15	1,664.77
	109	OL400 HPF	247,811.53	6,470.44	241,341.09	1,374,442	0	0.0	0	287	691	18.03	17.56	6,926.61
	110	OL 250 MH	12,645.28	232.29	12,412.99	49,364	0	0.0	0	9	41	25.62	25.15	1,030.64
	111	OL100 HPP	6,113.75	59.63	6,054.12	11,596	0	0.0	0	6	24	52.72	52.21	230.44
	113	OL 150 HP	101,126.87	1,783.29	99,343.58	390,504	0	0.0	0	393	560	25.90	25.44	8,021.22
	116	OL 400 MH	66,949.58	1,598.24	65,351.34	337,935	0	0.0	0	63	179	19.81	19.34	2,341.69
	131	OL 1000MH	19,917.87	651.06	19,266.81	131,983	0	0.0	0	8	29	15.09	14.60	134.24
	150	55W LEDOL	2,816.42	70.68	2,745.74	6,996	0	0.0	0	20	27	40.26	39.25	217.37
	211	GS SEC	3,954,281.53	91,150.21	3,863,131.32	23,642,189	12,705	57,991.1	2,314	0	0	16.73	16.34	0.00
	215	GS SEC	19,775,620.96	529,860.30	19,245,760.66	132,278,268	0	570,651.5	2,116	0	0	14.95	14.55	0.00
	217	GS PRI	123,099.45	3,829.55	119,269.90	941,820	0	2,658.2	5	0	0	13.07	12.66	0.00

AEP Internal Page 54 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
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Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
212	220	GSCC PRI	45,343.46	2,393.43	42,950.03	372,600	0	660.0	1	0	0	12.17	11.53	0.00
	223	GS LM ON	98,824.21	2,796.86	96,027.35	686,761	429,605	0.0	33	0	0	14.39	13.98	0.00
	225	GS LM TOD	36,320.73	887.01	35,433.72	212,581	123,731	0.0	23	0	0	17.09	16.67	0.00
	227	EXP GSTOD	487,002.72	12,361.88	474,640.84	3,017,734	2,516,778	0.0	137	0	0	16.14	15.73	0.00
	229	GS-TOD	315,997.41	9,156.26	306,841.15	2,308,556	1,421,270	0.0	53	0	0	13.69	13.29	0.00
	240	LGS SEC	13,251,486.23	406,906.57	12,844,579.66	106,009,708	0	271,008.0	129	0	0	12.50	12.12	0.00
	242	LGS M SEC	167,246.67	5,448.29	161,798.38	1,375,200	0	3,385.0	1	0	0	12.16	11.77	0.00
	244	LGS PRI	850,727.03	28,972.54	821,754.49	7,787,400	0	19,509.0	6	0	0	10.92	10.55	0.00
	248	LGS SUB	196,540.05	9,956.68	186,583.37	2,387,000	0	5,706.0	1	0	0	8.23	7.82	0.00
	251	LGS-LM-TD	111,327.11	4,006.47	107,320.64	842,220	467,880	0.0	4	0	0	13.22	12.74	0.00
	358	IGS PRI	856,574.66	39,373.07	817,201.59	9,420,720	0	18,115.0	2	0	0	9.09	8.67	0.00
212 - Sumr	nary		40,874,517.23	1,160,883.90	39,713,633.33	294,206,278	4,971,969	949,683.8	4,826	1,314	2,278	13.89	13.50	23,197.45
213	093	OL 175 MV	1,111.12	24.44	1,086.68	5,184	0	0.0	0	6	6	21.43	20.96	0.00
	094	OL 100 HP	6,814.09	106.57	6,707.52	23,294	0	0.0	0	26	48	29.25	28.80	0.00
	095	OL 400 MV	1,314.76	36.00	1,278.76	7,584	0	0.0	0	3	4	17.34	16.86	0.00
	097	OL 200 HP	6,194.85	137.79	6,057.06	29,317	0	0.0	0	19	29	21.13	20.66	244.50
	098	OL 400 HP	4,071.06	102.81	3,968.25	21,937	0	0.0	0	4	12	18.56	18.09	345.79
	107	OL 200HPF	21,807.57	433.38	21,374.19	92,736	0	0.0	0	46	92	23.52	23.05	557.64
	109	OL400 HPF	152,706.52	3,961.63	148,744.89	838,468	0	0.0	0	95	420	18.21	17.74	5,441.47
	110	OL 250 MH	1,192.84	22.42	1,170.42	4,816	0	0.0	0	3	4	24.77	24.30	67.11
	111	OL100 HPP	7,086.89	66.36	7,020.53	14,036	0	0.0	0	4	29	50.49	50.02	0.00
	113	OL 150 HP	11,414.28	190.68	11,223.60	40,626	0	0.0	0	29	58	28.10	27.63	1,610.28
	116	OL 400 MH	28,922.61	698.39	28,224.22	148,253	0	0.0	0	19	79	19.51	19.04	733.37
	131	OL 1000MH	766.08	21.93	744.15	4,540	0	0.0	0	1	1	16.87	16.39	67.22
	150	55W LEDOL	219.49	6.12	213.37	604	0	0.0	0	2	2	36.34	35.33	0.00
	211	GS SEC	385,585.58	9,597.72	375,987.86	2,204,081	0	5,445.8	249	0	0	17.49	17.06	0.00
	214	GS - AF	144,076.59	4,405.23	139,671.36	960,667	0	22,325.9	59	0	0	15.00	14.54	0.00
	215	GS SEC	2,904,757.71	85,255.72	2,819,501.99	19,582,195	0	76,148.3	218	0	0	14.83	14.40	0.00
	217	GS PRI	1,116.47	116.39	1,000.08	7,020	0	16.2	0	0	0	15.90	14.25	0.00

AEP Internal Page 55 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
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Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
213	223	GS LM ON	9,226.88	276.82	8,950.06	78,880	60,320	0.0	1	0	0	11.70	11.35	0.00
	240	LGS SEC	2,085,628.66	61,152.41	2,024,476.25	14,916,796	0	54,621.0	30	0	0	13.98	13.57	0.00
	244	LGS PRI	266,329.00	12,755.32	253,573.68	2,118,080	0	8,076.0	2	0	0	12.57	11.97	0.00
	260	PS SEC	12,798,860.85	379,200.26	12,419,660.59	91,458,272	0	344,819.0	144	0	0	13.99	13.58	0.00
	264	PS PRI	234,372.92	7,403.07	226,969.85	1,961,700	0	6,926.0	1	0	0	11.95	11.57	0.00
	358	IGS PRI	397,878.14	15,125.64	382,752.50	3,575,400	0	9,324.0	1	0	0	11.13	10.71	0.00
	359	IGS SUB	228,481.92	7,895.82	220,586.10	1,817,900	0	5,865.0	1	0	0	12.57	12.13	0.00
213 - Sumr	nary		19,699,936.88	588,992.92	19,110,943.96	139,912,386	60,320	533,567.2	706	257	783	14.08	13.66	9,067.38
216	093	OL 175 MV	6,063.69	130.84	5,932.85	28,334	0	0.0	0	23	33	21.40	20.94	0.00
	094	OL 100 HP	30,454.02	460.75	29,993.27	100,431	0	0.0	0	125	208	30.32	29.86	886.48
	095	OL 400 MV	4,537.12	124.04	4,413.08	26,247	0	0.0	0	8	14	17.29	16.81	0.00
	097	OL 200 HP	26,395.56	572.02	25,823.54	120,582	0	0.0	0	54	120	21.89	21.42	1,809.79
	098	OL 400 HP	38,093.16	995.89	37,097.27	213,825	0	0.0	0	15	107	17.82	17.35	2,309.19
	107	OL 200HPF	39,504.16	777.28	38,726.88	163,902	0	0.0	0	93	162	24.10	23.63	1,794.16
	109	OL400 HPF	173,480.03	4,566.09	168,913.94	960,675	0	0.0	0	197	481	18.06	17.58	4,960.14
	110	OL 250 MH	5,660.93	114.63	5,546.30	24,080	0	0.0	0	7	20	23.51	23.03	67.15
	111	OL100 HPP	77,805.82	722.58	77,083.24	153,798	0	0.0	0	36	318	50.59	50.12	249.96
	113	OL 150 HP	61,343.82	1,002.80	60,341.02	224,763	0	0.0	0	150	321	27.29	26.85	7,157.56
	116	OL 400 MH	34,709.53	875.92	33,833.61	176,030	0	0.0	0	21	94	19.72	19.22	1,135.61
	120	OL 250HPP	453.21	5.65	447.56	1,236	0	0.0	0	1	1	36.67	36.21	0.00
	122	OL150 HPP	16,885.76	144.80	16,740.96	30,976	0	0.0	0	7	44	54.51	54.04	0.00
	131	OL 1000MH	5,507.59	170.24	5,337.35	36,224	0	0.0	0	6	8	15.20	14.73	67.14
	150	55W LEDOL	1,506.23	37.34	1,468.89	3,857	0	0.0	0	7	14	39.05	38.08	71.44
	204	GS-MTRD	11,019.07	45.91	10,973.16	9,682	0	0.0	46	0	0	113.81	113.34	0.00
	211	GS SEC	2,735,749.93	59,197.75	2,676,552.18	15,082,703	85,939	30,688.4	2,100	0	0	18.14	17.75	0.00
	213	GS-UMR	104,218.79	1,940.46	102,278.33	453,097	0	0.0	149	0	0	23.00	22.57	0.00
	214	GS - AF	55,289.16	1,482.59	53,806.57	377,610	0	7,741.6	20	0	0	14.64	14.25	0.00
	215	GS SEC	8,710,863.61	243,611.97	8,467,251.64	59,482,407	0	223,006.2	747	0	0	14.64	14.23	0.00
	217	GS PRI	80,296.86	1,744.70	78,552.16	424,850	0	4,463.2	4	0	0	18.90	18.49	0.00

AEP Internal Page 56 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 0128:19 PM
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State: KY December 2021

State . Ki												Decembe	1 2021	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charg
216	218	GS M SEC	29,383.40	792.38	28,591.02	204,880	0	687.2	1	0	0	14.34	13.96	0.0
	223	GS LM ON	3,293.04	104.38	3,188.66	19,441	12,709	0.0	2	0	0	16.94	16.40	0.0
	225	GS LM TOD	90,300.32	2,822.08	87,478.24	673,932	394,294	0.0	6	0	0	13.40	12.98	0.0
	229	GS-TOD	295,278.20	9,290.78	285,987.42	2,356,634	1,636,659	0.0	28	0	0	12.53	12.14	0.0
	240	LGS SEC	7,628,090.94	238,459.68	7,389,631.26	60,661,975	0	156,386.0	69	0	0	12.57	12.18	0.0
	242	LGS M SEC	704,008.39	22,584.56	681,423.83	5,758,800	0	13,397.0	6	0	0	12.22	11.83	0.0
	244	LGS PRI	489,233.83	16,202.99	473,030.84	4,143,560	0	13,537.0	4	0	0	11.81	11.42	0.00
	246	LGS M PRI	73,273.98	2,447.89	70,826.09	630,360	0	1,924.0	1	0	0	11.62	11.24	0.00
	251	LGS-LM-TD	117,736.86	5,821.72	111,915.14	921,984	540,480	0.0	2	0	0	12.77	12.14	0.00
	256	LGSSECTOD	241,329.88	10,222.58	231,107.30	2,125,312	1,406,624	4,211.0	2	0	0	11.36	10.87	0.00
	358	IGS PRI	2,143,651.35	95,669.03	2,047,982.32	23,124,600	0	47,286.0	4	0	0	9.27	8.86	0.00
	540	MW	227,640.57	7,548.86	220,091.71	1,865,409	0	2,722.9	9	0	0	12.20	11.80	0.00
216 - Sumi	nary		24,263,058.81	730,691.18	23,532,367.63	180,582,196	4,076,705	506,050.5	3,199	751	1,946	13.44	13.03	20,508.62
221	093	OL 175 MV	1,300.21	28.66	1,271.55	6,046	0	0.0	0	7	7	21.51	21.03	0.00
	094	OL 100 HP	8,509.16	133.15	8,376.01	28,556	0	0.0	0	31	59	29.80	29.33	134.04
	095	OL 400 MV	979.73	26.39	953.34	5,688	0	0.0	0	2	3	17.22	16.76	0.00
	097	OL 200 HP	7,557.85	165.22	7,392.63	36,189	0	0.0	0	9	36	20.88	20.43	222.0
	098	OL 400 HP	663.06	18.89	644.17	4,000	0	0.0	0	1	2	16.58	16.10	0.00
	107	OL 200HPF	5,861.10	123.19	5,737.91	25,676	0	0.0	0	14	26	22.83	22.35	0.00
	109	OL400 HPF	66,735.61	1,737.04	64,998.57	371,415	0	0.0	0	44	187	17.97	17.50	1,753.93
	110	OL 250 MH	1,671.41	33.98	1,637.43	7,224	0	0.0	0	1	6	23.14	22.67	0.00
	111	OL100 HPP	1,457.77	13.41	1,444.36	2,904	0	0.0	0	1	6	50.20	49.74	0.00
	113	OL 150 HP	8,988.91	150.70	8,838.21	33,808	0	0.0	0	24	48	26.59	26.14	882.58
	116	OL 400 MH	14,060.48	350.35	13,710.13	74,088	0	0.0	0	13	39	18.98	18.51	0.0
	131	OL 1000MH	2,740.39	87.12	2,653.27	18,160	0	0.0	0	2	4	15.09	14.61	0.0
	150	55W LEDOL	224.48	5.11	219.37	531	0	0.0	0	1	2	42.27	41.31	23.50
	204	GS-MTRD	1,661.04	35.00	1,626.04	7,890	0	0.0	3	0	0	21.05	20.61	0.0
	211	GS SEC	674,277.55	14,821.57	659,455.98	3,479,715	0	5,979.1	582	0	0	19.38	18.95	0.00
	215	GS SEC	1,608,679.83	50,089.72	1,558,590.11	10,737,978	0	42,427.9	144	0	0	14.98	14.51	0.00

AEP Internal Page 57 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102

Prepared: 01/10/2022 Attachment 1
Page 58 of 64

State: KY December 2021

State : KY												Decembe	er 2021	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
221	217	GS PRI	108,590.20	2,979.48	105,610.72	673,420	0	4,002.9	10	0	0	16.13	15.68	0.00
	220	GSCC PRI	238,231.72	7,081.13	231,150.59	1,839,080	0	4,872.2	11	0	0	12.95	12.57	0.00
	240	LGS SEC	3,482,225.74	97,164.31	3,385,061.43	23,066,772	0	105,418.0	36	0	0	15.10	14.68	0.00
	244	LGS PRI	2,142,176.78	91,400.23	2,050,776.55	18,249,750	0	56,037.0	14	0	0	11.74	11.24	0.00
	248	LGS SUB	197,162.43	8,977.28	188,185.15	2,310,000	0	6,006.0	1	0	0	8.54	8.15	0.00
	250	LGS TRAN	20,623.54	175.75	20,447.79	219,000	0	476.0	1	0	0	9.42	9.34	0.00
	331	CS-IRP ST	5,839,111.00	27,050.00	5,812,061.00	121,447,277	0	19,147.0	1	0	0	4.81	4.79	0.00
	332	CS-IRP TR	1,387,915.19	80,110.83	1,307,804.36	17,220,000	0	47,460.0	1	0	0	8.06	7.59	0.00
	358	IGS PRI	5,499,616.41	234,128.21	5,265,488.20	59,189,062	0	118,615.0	9	0	0	9.29	8.90	0.00
	359	IGS SUB	6,022,533.26	165,805.94	5,856,727.32	42,049,940	-2,110,500	216,932.0	5	0	0	14.32	13.93	0.00
	360	IGS	1,173,905.11	39,510.36	1,134,394.75	9,115,000	-883,000	35,145.0	1	0	0	12.88	12.45	0.00
	370	IGS	917,307.73	65,895.01	851,412.72	10,883,400	-6,472,800	20,686.8	1	0	0	8.43	7.82	0.00
	371	IGS	72,511,939.95	5,020,539.02	67,491,400.93	1,209,129,000	-98,466,000	1,724,047.0	4	0	0	6.00	5.58	0.00
	372	IGS	12,346,193.35	899,736.70	11,446,456.65	211,633,000	0	312,714.0	1	0	0	5.83	5.41	0.00
221 - Sumi	nary		114,292,900.99	6,808,373.75	107,484,527.24	1,741,864,569	-107,932,300	2,719,965.9	824	150	425	6.56	6.17	3,016.17
222	097	OL 200 HP	873.25	19.16	854.09	4,048	0	0.0	0	2	4	21.57	21.10	48.00
	107	OL 200HPF	230.60	4.68	225.92	1,012	0	0.0	0	1	1	22.79	22.32	0.00
	109	OL400 HPF	2,848.36	75.66	2,772.70	16,000	0	0.0	0	5	8	17.80	17.33	48.00
	113	OL 150 HP	1,941.48	31.10	1,910.38	6,928	0	0.0	0	6	10	28.02	27.57	268.20
	211	GS SEC	64,659.21	1,548.24	63,110.97	392,173	0	1,238.9	27	0	0	16.49	16.09	0.00
	215	GS SEC	299,885.55	9,172.39	290,713.16	2,018,381	0	7,950.9	25	0	0	14.86	14.40	0.00
	220	GSCC PRI	27,797.43	882.57	26,914.86	205,200	0	492.0	2	0	0	13.55	13.12	0.00
	240	LGS SEC	567,908.45	20,014.64	547,893.81	3,714,000	0	17,446.0	6	0	0	15.29	14.75	0.00
	244	LGS PRI	326,532.29	12,065.71	314,466.58	3,177,600	0	6,000.0	1	0	0	10.28	9.90	0.00
	251	LGS-LM-TD	1,278.40	1.95	1,276.45	500	400	0.0	1	0	0	255.68	255.29	0.00
	356	IGS SEC	669,597.91	17,370.91	652,227.00	4,843,680	0	11,477.0	2	0	0	13.82	13.47	0.00
	358	IGS PRI	867,987.92	40,998.90	826,989.02	9,735,600	0	19,949.0	1	0	0	8.92	8.49	0.00
222 - Sumi	nary		2,831,540.85	102,185.91	2,729,354.94	24,115,122	400	64,553.8	65	14	23	11.74	11.32	364.20
230	094	OL 100 HP	991.15	15.89	975.26	3,388	0	0.0	0	6	7	29.25	28.79	0.00

AEP Internal Page 58 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/10/2022 0128:19 PM
Go To TOC

State: KY

State : KY												Decembe	r 2021	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
230	095	OL 400 MV	330.08	9.14	320.94	1,896	0	0.0	0	1	1	17.41	16.93	0.00
	097	OL 200 HP	4,515.93	101.17	4,414.76	21,252	0	0.0	0	3	21	21.25	20.77	192.00
	107	OL 200HPF	952.90	19.33	933.57	4,048	0	0.0	0	3	4	23.54	23.06	24.00
	109	OL400 HPF	11,395.01	295.98	11,099.03	62,601	0	0.0	0	12	31	18.20	17.73	383.77
	113	OL 150 HP	4,734.95	82.83	4,652.12	18,734	0	0.0	0	16	27	25.27	24.83	293.38
	116	OL 400 MH	1,077.20	26.30	1,050.90	5,641	0	0.0	0	2	3	19.10	18.63	0.00
	150	55W LEDOL	81.83	2.06	79.77	220	0	0.0	0	1	1	37.20	36.26	0.00
	211	GS SEC	63,809.35	1,364.27	62,445.08	353,741	0	691.7	51	0	0	18.04	17.65	0.00
	215	GS SEC	318,611.89	7,909.57	310,702.32	2,032,780	0	10,243.9	52	0	0	15.67	15.28	0.00
	217	GS PRI	9,242.05	89.57	9,152.48	42,180	0	162.0	3	0	0	21.91	21.70	0.00
	220	GSCC PRI	503,933.56	15,332.27	488,601.29	3,476,950	0	15,483.4	28	0	0	14.49	14.05	0.00
	236	GSCC SUB	93,748.06	1,646.19	92,101.87	588,850	0	1,865.6	5	0	0	15.92	15.64	0.00
	240	LGS SEC	430,405.28	8,455.62	421,949.66	2,144,536	0	17,718.0	8	0	0	20.07	19.68	0.00
	244	LGS PRI	3,560,585.46	106,345.41	3,454,240.05	27,669,812	76,800	108,318.0	21	0	0	12.87	12.48	0.00
	248	LGS SUB	688,700.31	18,154.70	670,545.61	8,274,600	0	22,120.0	3	0	0	8.32	8.10	0.00
	257	LGSPRITOD	233,068.02	14,546.10	218,521.92	2,154,789	1,164,000	3,660.0	1	0	0	10.82	10.14	0.00
	330	CS-IRP PR	3,533,311.21	109,860.73	3,423,450.48	26,269,496	0	106,187.0	5	0	0	13.45	13.03	0.00
	333	CS-IRP	2,736,373.08	188,842.37	2,547,530.71	37,440,000	0	103,464.0	1	0	0	7.31	6.80	0.00
	358	IGS PRI	9,221,177.15	280,398.17	8,940,778.98	61,821,650	0	237,707.0	9	0	0	14.92	14.46	0.00
	359	IGS SUB	3,865,617.99	209,411.33	3,656,206.66	39,269,200	0	120,697.0	2	0	0	9.84	9.31	0.00
230 - Sumr	nary		25,282,662.46	962,909.00	24,319,753.46	211,656,364	1,240,800	748,317.6	190	44	95	11.95	11.49	893.15
400	093	OL 175 MV	368.37	8.01	360.36	1,728	0	0.0	0	1	2	21.32	20.85	0.00
	094	OL 100 HP	565.87	8.99	556.88	1,936	0	0.0	0	2	4	29.23	28.76	0.00
	107	OL 200HPF	230.69	4.73	225.96	1,012	0	0.0	0	1	1	22.80	22.33	0.00
	109	OL400 HPF	8,272.47	219.03	8,053.44	46,000	0	0.0	0	7	23	17.98	17.51	201.36
	111	OL100 HPP	22,507.40	211.62	22,295.78	44,528	0	0.0	0	19	92	50.55	50.07	0.00
	113	OL 150 HP	818.83	13.21	805.62	2,816	0	0.0	0	2	4	29.08	28.61	134.16
	122	OL150 HPP	3,074.33	26.63	3,047.70	5,632	0	0.0	0	2	8	54.59	54.11	0.00
	131	OL 1000MH	681.99	21.43	660.56	4,540	0	0.0	0	1	1	15.02	14.55	0.00

AEP Internal Page 59 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 0128:19 PM
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State: KY December 2021

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
400	204	GS-MTRD	1,729.66	0.07	1,729.59	12	0	0.0	8	0	0	14,413.83	14,413.25	0.00
	211	GS SEC	136,189.57	1,490.31	134,699.26	376,653	0	191.3	240	0	0	36.16	35.76	0.00
	213	GS-UMR	234.71	0.24	234.47	60	0	0.0	1	0	0	391.18	390.78	0.00
	215	GS SEC	71,478.90	1,898.43	69,580.47	481,615	0	1,938.4	6	0	0	14.84	14.45	0.00
	528	SL	1,786,729.40	40,713.55	1,746,015.85	8,458,491	0	0.0	55	0	0	21.12	20.64	0.00
400 - Sumi	mary		2,032,882.19	44,616.25	1,988,265.94	9,425,023	0	2,129.7	310	35	135	21.57	21.10	335.52
KY - Summ	ary		589,947,902.53	20,450,401.90	569,497,500.63	5,179,743,492	-86,947,236	6,974,011.9	165,416	45,778	54,847	11.39	10.99	297,639.28

AEP Internal Page 60 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS

12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

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Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 102

Attachment 1 Page 61 of 64

KPSC Case No. 2023-00159

Prepared: 01/10/2022

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Go To TOC

December 2021

												Realizat	ion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand T	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 61 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS

12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

Standard Service Offer

Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 102

Item No. 102 Attachment 1 Page 62 of 64

KPSC Case No. 2023-00159

Prepared: 01/10/2022

01:28:19 PM

Go To TOC

December 2021

												Realizat	ion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 62 of 64



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 1
Prepared: 01/10/2022 01:28:38 PM of 64

Go To TOC

December 2021

												Realizat	tion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 63 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023 Item No. 102 Attachment 1

Prepared: 01/10/2022 01:28:49 PM of 64

Go To TOC

December 2021

	_											Realizat	tion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	Grand Total		0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 64 of 64



Table of Contents

Co/Tariff ······	
Co/Revn······	6
Co/Tariff State · · · · · · · · · · · · · · · · · · ·	(
KENTUCKY POWER COMPANY	(
KY ······ 1	(
VA Tariff B&A Non-Juris · · · · · 1	9
KENTUCKY POWER COMPANY 1	(
Co/Revn State · · · · · 2	(
KENTUCKY POWER COMPANY	2(
KY	2(
CO/Revn State (OAD)	(
KENTUCKY POWER COMPANY	3 (
CO/Revn State (SSO) 3	;1
KENTUCKY POWER COMPANY	;
Co/Tariff Multi Jursd ······ 3	2
KENTUCKY POWER COMPANY	
CO/Revn Multi Jursd · · · · · 3	:
KENTUCKY POWER COMPANY	
CO/Tariff EE ······	Z
CO/Revn EE ······	7
CO/Tariff State EE ··································	17
KENTUCKY POWER COMPANY	
KY	
VA Tariff B&E Non-Juris · · · · · · 5	(
KENTUCKY POWER COMPANY	
CO/Revn State EE ······ 5	1
KENTUCKY POWER COMPANY	
KY	
CO/Revn State EE (OAD) · · · · · · · · · · · · · · · · · · ·	1
KENTUCKY POWER COMPANY	
CO/Revn State EE (SSO) ···································	
KENTUCKY POWER COMPANY	
CO/Tariff Multi Jursd EE ··································	
KENTUCKY POWER COMPANY	
CO/Revn Multi Jursd EE	į



KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Page 2 of 64

KENTUCKY POWER COMPANY 64



TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01:02:18 64 Go To TOC

December 2022

											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
011	RSW-LMWH	338,234.39	51,147.27	287,087.12	2,222,480	0	0.0	127	0	0	15.22	12.92	0.00
012	RSW-A	30,369.70	4,666.85	25,702.85	203,811	0	0.0	10	0	0	14.90	12.61	0.00
013	RSW-B	2,804.28	446.68	2,357.60	18,651	0	0.0	1	0	0	15.04	12.64	0.00
014	RSW-C	32,906.65	4,943.34	27,963.31	221,772	0	0.0	15	0	0	14.84	12.61	0.00
015	RS	144,751,201.21	20,906,105.30	123,845,095.91	893,261,906	75,327	9,693.8	65,297	0	0	16.20	13.86	0.00
017	RS EMP	834,899.30	122,622.59	712,276.71	5,335,523	0	0.0	294	0	0	15.65	13.35	0.00
022	RSW-RS	164,741,952.50	23,797,080.71	140,944,871.79	1,040,548,864	57,326	18,903.3	66,719	0	0	15.83	13.55	0.00
028	AORH-W ON	18,730.69	2,804.68	15,926.01	124,331	74,519	0.0	6	0	0	15.07	12.81	0.00
030	RSW-ONPK	204,447.33	30,260.10	174,187.23	1,345,923	816,621	0.0	65	0	0	15.19	12.94	0.00
032	RS LM-ON	224,727.82	33,630.66	191,097.16	1,464,907	901,440	0.0	76	0	0	15.34	13.05	0.00
034	AORH-ON	1,947.44	301.35	1,646.09	13,446	8,338	0.0	2	0	0	14.48	12.24	0.00
036	RS-TOD-ON	14,955.91	2,328.10	12,627.81	97,760	57,012	0.0	4	0	0	15.30	12.92	0.00
093	OL 175 MV	106,810.08	11,440.79	95,369.29	463,943	0	0.0	0	519	547	23.02	20.56	63.52
094	OL 100 HP	2,695,345.84	212,811.27	2,482,534.57	8,807,879	0	0.0	0	17,079	18,389	30.60	28.19	51,389.48
095	OL 400 MV	26,852.11	3,420.31	23,431.80	139,362	0	0.0	0	53	73	19.27	16.81	0.00
097	OL 200 HP	362,755.16	39,635.57	323,119.59	1,621,059	0	0.0	0	1,224	1,600	22.38	19.93	9,737.54
098	OL 400 HP	98,325.64	12,511.49	85,814.15	509,983	0	0.0	0	110	255	19.28	16.83	3,769.74
099	OL175 MVP	1,147.42	108.79	1,038.63	4,396	0	0.0	0	3	5	26.10	23.63	0.00
103	OL 250 HP	939.00	93.59	845.41	3,782	0	0.0	0	2	3	24.83	22.35	0.00
107	OL 200HPF	427,934.95	41,760.67	386,174.28	1,703,540	0	0.0	0	1,188	1,681	25.12	22.67	11,820.59
109	OL400 HPF	1,578,744.74	195,865.75	1,382,878.99	7,980,559	0	0.0	0	1,680	3,978	19.78	17.33	35,402.82
110	OL 250 MH	55,103.73	5,232.85	49,870.88	211,842	0	0.0	0	93	176	26.01	23.54	2,111.44
111	OL100 HPP	189,801.77	8,709.56	181,092.21	363,171	0	0.0	0	209	758	52.26	49.86	1,536.45
113	OL 150 HP	3,279,376.86	304,881.88	2,974,494.98	12,717,214	0	0.0	0	16,481	18,442	25.79	23.39	133,107.31
116	OL 400 MH	379,042.67	43,901.62	335,141.05	1,761,583	0	0.0	0	292	929	21.52	19.02	9,736.23
120	OL 250HPP	963.12	62.55	900.57	2,526	0	0.0	0	2	2	38.13	35.65	0.00
122	OL150 HPP	27,004.55	1,186.46	25,818.09	48,280	0	0.0	0	16	68	55.93	53.48	0.00
126	OL 400HPP	1,939.32	149.64	1,789.68	6,075	0	0.0	0	2	3	31.92	29.46	0.00

AEP Internal Page 3 of 64



TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01:02-18 AM of 64
Go To TOC

December 2022

											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
130	OL 250MON	2,223.21	217.29	2,005.92	7,499	0	0.0	0	6	6	29.65	26.75	23.37
131	OL 1000MH	82,083.98	11,323.23	70,760.75	474,688	0	0.0	0	50	109	17.29	14.91	972.26
136	OL 400MON	5,453.81	535.97	4,917.84	21,533	0	0.0	0	4	11	25.33	22.84	67.32
150	55W LEDOL	876,650.95	58,510.14	818,140.81	2,169,507	0	0.0	0	7,097	7,810	40.41	37.71	37,111.97
152	175WLEDOL	101.87	13.80	88.07	428	0	0.0	0	0	0	23.80	20.58	0.00
160	64W LEDOL	1,472.91	47.56	1,425.35	1,709	0	0.0	0	5	5	86.19	83.40	0.00
165	146WLEDOL	11,922.78	753.82	11,168.96	22,883	0	0.0	0	12	28	52.10	48.81	248.47
166	297WLEDOL	9,020.19	968.16	8,052.03	28,553	0	0.0	0	5	17	31.59	28.20	37.78
204	GS-MTRD	216,611.13	22,763.31	193,847.82	931,259	0	0.0	368	0	0	23.26	20.82	0.00
211	GS SEC	29,805,208.54	3,380,256.79	26,424,951.75	143,272,087	150,362	234,907.7	22,614	0	0	20.80	18.44	0.00
212	GS-SEC M	853.44	80.86	772.58	3,285	0	0.0	1	0	0	25.98	23.52	0.00
213	GS-UMR	535,812.26	56,382.28	479,429.98	2,258,992	0	0.0	583	0	0	23.72	21.22	0.00
214	GS - AF	232,106.88	31,119.71	200,987.17	1,387,541	0	32,616.6	84	0	0	16.73	14.49	0.00
215	GS SEC	75,311,107.46	10,724,531.70	64,586,575.76	450,257,514	0	1,792,927.7	6,419	0	0	16.73	14.34	0.00
217	GS PRI	572,690.17	80,123.05	492,567.12	3,436,402	0	15,721.3	33	0	0	16.67	14.33	0.00
218	GS M SEC	33,555.95	4,543.27	29,012.68	206,174	0	685.6	1	0	0	16.28	14.07	0.00
220	GSCC PRI	805,431.83	124,592.87	680,838.96	5,208,460	0	14,292.4	41	0	0	15.46	13.07	0.00
223	GS LM ON	146,460.12	19,584.93	126,875.19	904,508	556,174	0.0	38	0	0	16.19	14.03	0.00
225	GS LM TOD	145,640.21	21,220.66	124,419.55	901,099	540,211	0.0	31	0	0	16.16	13.81	0.00
227	EXP GSTOD	1,561,626.15	196,762.18	1,364,863.97	8,206,003	6,775,512	0.0	498	0	0	19.03	16.63	0.00
229	GS-TOD	1,322,979.34	204,742.78	1,118,236.56	8,541,805	5,168,228	5,789.2	138	0	0	15.49	13.09	0.00
236	GSCC SUB	77,756.18	10,196.38	67,559.80	481,465	0	1,067.1	3	0	0	16.15	14.03	0.00
240	LGS SEC	43,400,801.29	7,057,680.15	36,343,121.14	293,063,278	0	809,195.0	352	0	0	14.81	12.40	0.00
242	LGS M SEC	1,014,953.47	171,469.79	843,483.68	7,112,400	0	16,942.0	7	0	0	14.27	11.86	0.00
244	LGS PRI	11,951,649.81	1,959,816.17	9,991,833.64	82,007,496	296,400	305,447.0	65	0	0	14.57	12.18	0.00
246	LGS M PRI	90,250.35	16,556.75	73,693.60	658,349	0	2,015.0	1	0	0	13.71	11.19	0.00
248	LGS SUB	1,419,414.01	329,457.42	1,089,956.59	13,810,210	0	33,807.0	7	0	0	10.28	7.89	0.00
251	LGS-LM-TD	274,918.15	50,674.86	224,243.29	1,797,841	1,029,724	0.0	7	0	0	15.29	12.47	0.00

AEP Internal Page 4 of 64



TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01:02-18 AM of 64
Go To TOC

December 2022

											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
256	LGSSECTOD	634,651.21	120,210.36	514,440.85	4,979,717	2,947,568	9,061.0	4	0	0	12.74	10.33	0.00
257	LGSPRITOD	376,501.75	60,633.20	315,868.55	2,865,510	1,744,800	7,443.0	2	0	0	13.14	11.02	0.00
260	PS SEC	14,093,620.09	2,044,125.39	12,049,494.70	87,787,132	0	338,407.0	138	0	0	16.05	13.73	0.00
264	PS PRI	250,306.42	39,160.02	211,146.40	1,772,699	0	6,687.0	1	0	0	14.12	11.91	0.00
330	CS-IRP PR	4,120,457.12	669,383.56	3,451,073.56	28,111,741	0	98,167.0	5	0	0	14.66	12.28	0.00
331	CS-IRP ST	6,705,501.00	0.00	6,705,501.00	136,536,000	-10,248,000	19,200.0	1	0	0	4.91	4.91	0.00
332	CS-IRP TR	1,703,912.29	411,864.67	1,292,047.62	17,117,313	0	47,418.0	1	0	0	9.95	7.55	0.00
333	CS-IRP	4,396,340.02	1,207,766.94	3,188,573.08	50,373,415	0	127,824.0	1	0	0	8.73	6.33	0.00
356	IGS SEC	1,789,451.00	361,712.92	1,427,738.08	15,295,393	0	31,286.0	4	0	0	11.70	9.33	0.00
358	IGS PRI	31,710,697.36	6,368,116.72	25,342,580.64	265,726,983	-143,500	593,017.6	33	0	0	11.93	9.54	0.00
359	IGS SUB	29,287,446.42	7,621,909.42	21,665,537.00	288,092,024	-35,829,000	647,414.0	16	0	0	10.17	7.52	0.00
360	IGS	1,200,843.63	211,829.41	989,014.22	9,216,000	0	44,175.0	1	0	0	13.03	10.73	0.00
370	IGS	1,260,060.19	346,458.69	913,601.50	14,839,200	0	24,292.8	1	0	0	8.49	6.16	0.00
371	IGS	95,098,427.27	29,582,863.93	65,515,563.34	1,231,430,601	0	1,824,722.0	4	0	0	7.72	5.32	0.00
372	IGS	17,533,004.17	5,268,379.80	12,264,624.37	218,524,207	0	341,614.0	1	0	0	8.02	5.61	0.00
528	SL	1,929,368.15	203,911.29	1,725,456.86	8,438,523	0	0.0	54	0	0	22.86	20.45	0.00
540	MW	257,293.55	43,144.65	214,148.90	1,813,803	0	2,834.4	9	0	0	14.19	11.81	0.00
Grand T	otal - Summary	702,685,902.26	124,934,507.27	577,751,394.99	5,391,297,797	-25,020,938	7,457,573.5	164,184	46,132	54,895	13.03	10.72	297,136.29

AEP Internal Page 5 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01:02:18 AM
Go To TOC

December 2022

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
010	011	RSW-LMWH	95,326.80	14,155.51	81,171.29	612,215	0	0.0	46	0	0	15.57	13.26	0.00
	014	RSW-C	23,190.98	3,575.25	19,615.73	153,050	0	0.0	12	0	0	15.15	12.82	0.00
	015	RS	71,339,237.53	10,207,589.19	61,131,648.34	427,969,869	4,865	5,314.4	36,873	0	0	16.67	14.28	0.00
	022	RSW-RS	25,066,137.28	3,590,043.24	21,476,094.04	153,697,223	0	712.7	11,959	0	0	16.31	13.97	0.00
	036	RS-TOD-ON	1,418.58	141.78	1,276.80	5,853	3,456	0.0	2	0	0	24.24	21.81	0.00
	093	OL 175 MV	51,515.17	5,623.98	45,891.19	224,060	0	0.0	0	270	268	22.99	20.48	63.52
	094	OL 100 HP	1,022,157.13	81,096.90	941,060.23	3,363,916	0	0.0	0	6,647	7,021	30.39	27.98	15,657.87
	095	OL 400 MV	2,158.13	279.35	1,878.78	11,413	0	0.0	0	4	6	18.91	16.46	0.00
	097	OL 200 HP	68,926.29	7,705.53	61,220.76	316,508	0	0.0	0	293	314	21.78	19.34	1,032.63
	098	OL 400 HP	4,027.99	522.78	3,505.21	21,900	0	0.0	0	11	11	18.39	16.01	67.32
	107	OL 200HPF	57,921.24	5,852.37	52,068.87	238,484	0	0.0	0	195	236	24.29	21.83	971.29
	109	OL400 HPF	65,743.48	8,412.17	57,331.31	342,599	0	0.0	0	110	171	19.19	16.73	760.07
	110	OL 250 MH	4,565.09	453.39	4,111.70	18,792	0	0.0	0	15	16	24.29	21.88	0.00
	111	OL100 HPP	5,968.91	283.76	5,685.15	11,754	0	0.0	0	14	25	50.78	48.37	50.12
	113	OL 150 HP	885,440.83	82,839.40	802,601.43	3,467,781	0	0.0	0	4,640	5,044	25.53	23.14	32,047.38
	116	OL 400 MH	5,679.18	649.50	5,029.68	27,242	0	0.0	0	12	15	20.85	18.46	67.32
	122	OL150 HPP	763.88	34.79	729.09	1,419	0	0.0	0	2	2	53.83	51.38	0.00
	130	OL 250MON	719.07	68.05	651.02	2,368	0	0.0	0	2	2	30.37	27.49	23.37
	131	OL 1000MH	3,051.88	449.45	2,602.43	18,322	0	0.0	0	3	4	16.66	14.20	0.00
	136	OL 400MON	572.78	65.00	507.78	2,380	0	0.0	0	1	1	24.07	21.34	0.00
	150	55W LEDOL	264,842.08	17,887.16	246,954.92	663,697	0	0.0	0	2,237	2,392	39.90	37.21	8,924.42
	152	175WLEDOL	101.87	13.80	88.07	428	0	0.0	0	0	0	23.80	20.58	0.00
	160	64W LEDOL	361.69	12.19	349.50	439	0	0.0	0	1	1	82.39	79.61	0.00
	165	146WLEDOL	642.97	40.78	602.19	1,253	0	0.0	0	1	2	51.31	48.06	0.00
	166	297WLEDOL	164.22	22.21	142.01	564	0	0.0	0	0	0	29.12	25.18	0.00
Total 010			98,970,635.05	14,027,817.53	84,942,817.52	591,173,529	8,321	6,027.1	48,892	14,459	15,531	16.74	14.37	59,665.31
020	011	RSW-LMWH	242,907.59	36,991.76	205,915.83	1,610,265	0	0.0	81	0	0	15.08	12.79	0.00
	012	RSW-A	30,369.70	4,666.85	25,702.85	203,811	0	0.0	10	0	0	14.90	12.61	0.00
	013	RSW-B	2,804.28	446.68	2,357.60	18,651	0	0.0	1	0	0	15.04	12.64	0.00

AEP Internal Page 6 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01:02:18 AM
Go To TOC

December 2022

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
020	014	RSW-C	9,715.67	1,368.09	8,347.58	68,722	0	0.0	2	0	0	14.14	12.15	0.00
	015	RS	73,410,432.78	10,698,299.31	62,712,133.47	465,283,188	70,462	4,379.4	28,422	0	0	15.78	13.48	0.00
	017	RS EMP	834,899.30	122,622.59	712,276.71	5,335,523	0	0.0	294	0	0	15.65	13.35	0.00
	022	RSW-RS	139,675,815.22	20,207,037.47	119,468,777.75	886,851,641	57,326	18,190.6	54,760	0	0	15.75	13.47	0.00
	028	AORH-W ON	18,730.69	2,804.68	15,926.01	124,331	74,519	0.0	6	0	0	15.07	12.81	0.00
	030	RSW-ONPK	204,447.33	30,260.10	174,187.23	1,345,923	816,621	0.0	65	0	0	15.19	12.94	0.00
	032	RS LM-ON	224,727.82	33,630.66	191,097.16	1,464,907	901,440	0.0	76	0	0	15.34	13.05	0.00
	034	AORH-ON	1,947.44	301.35	1,646.09	13,446	8,338	0.0	2	0	0	14.48	12.24	0.00
	036	RS-TOD-ON	13,537.33	2,186.32	11,351.01	91,907	53,556	0.0	2	0	0	14.73	12.35	0.00
	093	OL 175 MV	27,287.84	2,896.28	24,391.56	120,025	0	0.0	0	137	141	22.74	20.32	0.00
	094	OL 100 HP	1,411,819.99	111,772.23	1,300,047.76	4,619,530	0	0.0	0	9,095	9,659	30.56	28.14	30,183.29
	095	OL 400 MV	1,087.06	141.67	945.39	5,752	0	0.0	0	3	3	18.90	16.44	0.00
	097	OL 200 HP	111,586.08	12,494.33	99,091.75	512,267	0	0.0	0	471	507	21.78	19.34	1,720.75
	098	OL 400 HP	9,568.95	1,242.72	8,326.23	51,895	0	0.0	0	25	27	18.44	16.04	177.96
	107	OL 200HPF	84,097.31	8,346.00	75,751.31	341,314	0	0.0	0	299	338	24.64	22.19	2,385.69
	109	OL400 HPF	83,843.46	10,872.41	72,971.05	448,055	0	0.0	0	186	225	18.71	16.29	1,394.59
	110	OL 250 MH	6,423.21	649.96	5,773.25	26,097	0	0.0	0	20	22	24.61	22.12	57.91
	111	OL100 HPP	30,224.13	1,460.62	28,763.51	59,242	0	0.0	0	98	122	51.02	48.55	514.40
	113	OL 150 HP	1,873,300.97	176,153.39	1,697,147.58	7,352,417	0	0.0	0	9,880	10,683	25.48	23.08	65,382.27
	116	OL 400 MH	7,624.30	925.18	6,699.12	37,317	0	0.0	0	15	19	20.43	17.95	43.32
	120	OL 250HPP	475.02	31.26	443.76	1,264	0	0.0	0	1	1	37.58	35.11	0.00
	122	OL150 HPP	1,535.17	70.44	1,464.73	2,857	0	0.0	0	4	4	53.73	51.27	0.00
	126	OL 400HPP	633.35	50.17	583.18	2,031	0	0.0	0	1	1	31.18	28.71	0.00
	130	OL 250MON	1,120.26	118.53	1,001.73	3,896	0	0.0	0	3	3	28.75	25.71	0.00
	131	OL 1000MH	2,353.34	252.50	2,100.84	12,778	0	0.0	0	1	4	18.42	16.44	0.00
	136	OL 400MON	446.23	43.77	402.46	1,831	0	0.0	0	1	1	24.37	21.98	0.00
	150	55W LEDOL	511,416.90	34,151.81	477,265.09	1,266,988	0	0.0	0	4,225	4,560	40.36	37.67	22,052.05
	160	64W LEDOL	911.35	28.36	882.99	1,049	0	0.0	0	3	3	86.88	84.17	0.00
	165	146WLEDOL	603.37	48.17	555.20	1,323	0	0.0	0	1	2	45.61	41.97	0.00

AEP Internal Page 7 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
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Go To TOC

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ev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
20	211	GS SEC	7,155.09	1,121.43	6,033.66	36,632	0	0.0	4	0	0	19.53	16.47	0.00
tal 020			218,843,848.53	31,503,487.09	187,340,361.44	1,377,316,875	1,982,262	22,570.0	83,727	24,470	26,326	15.89	13.60	123,912.23
1	093	OL 175 MV	16,143.95	1,683.38	14,460.57	69,090	0	0.0	0	65	80	23.37	20.93	0.00
	094	OL 100 HP	175,010.67	13,335.79	161,674.88	551,754	0	0.0	0	947	1,146	31.72	29.30	3,756.54
	095	OL 400 MV	10,652.79	1,347.68	9,305.11	55,123	0	0.0	0	24	29	19.33	16.88	0.00
	097	OL 200 HP	101,532.89	10,907.25	90,625.64	444,477	0	0.0	0	274	437	22.84	20.39	3,342.36
	098	OL 400 HP	25,782.54	3,324.88	22,457.66	135,424	0	0.0	0	39	68	19.04	16.58	629.70
	099	OL175 MVP	920.23	87.39	832.84	3,527	0	0.0	0	2	4	26.09	23.61	0.00
	103	OL 250 HP	939.00	93.59	845.41	3,782	0	0.0	0	2	3	24.83	22.35	0.00
	107	OL 200HPF	149,981.11	14,456.19	135,524.92	590,780	0	0.0	0	381	581	25.39	22.94	4,170.6
	109	OL400 HPF	690,525.86	85,767.71	604,758.15	3,487,466	0	0.0	0	736	1,741	19.80	17.34	13,736.2
	110	OL 250 MH	20,750.47	1,955.10	18,795.37	78,847	0	0.0	0	38	66	26.32	23.84	885.0
	111	OL100 HPP	49,710.93	2,316.28	47,394.65	94,173	0	0.0	0	33	193	52.79	50.33	498.2
	113	OL 150 HP	333,076.10	29,654.76	303,421.34	1,232,413	0	0.0	0	1,386	1,769	27.03	24.62	18,752.7
	116	OL 400 MH	202,858.65	23,801.92	179,056.73	941,805	0	0.0	0	148	497	21.54	19.01	5,304.5
	122	OL150 HPP	3,996.12	175.13	3,820.99	7,122	0	0.0	0	1	10	56.11	53.65	0.0
	126	OL 400HPP	1,305.97	99.47	1,206.50	4,044	0	0.0	0	1	2	32.29	29.83	0.0
	130	OL 250MON	383.88	30.71	353.17	1,235	0	0.0	0	1	1	31.08	28.60	0.0
	131	OL 1000MH	40,708.16	5,465.54	35,242.62	233,479	0	0.0	0	26	54	17.44	15.09	702.9
	136	OL 400MON	4,434.80	427.20	4,007.60	17,322	0	0.0	0	2	9	25.60	23.14	67.3
	150	55W LEDOL	72,322.79	4,730.80	67,591.99	174,244	0	0.0	0	475	625	41.51	38.79	3,766.6
	165	146WLEDOL	5,349.49	341.36	5,008.13	10,404	0	0.0	0	6	13	51.42	48.14	0.0
	166	297WLEDOL	5,682.85	601.93	5,080.92	17,867	0	0.0	0	3	11	31.81	28.44	37.7
	204	GS-MTRD	200,698.91	22,171.78	178,527.13	910,608	0	0.0	308	0	0	22.04	19.61	0.0
	211	GS SEC	20,748,313.28	2,298,242.65	18,450,070.63	96,910,616	60,008	131,267.5	16,984	0	0	21.41	19.04	0.0
	212	GS-SEC M	853.44	80.86	772.58	3,285	0	0.0	1	0	0	25.98	23.52	0.0
	213	GS-UMR	416,607.23	42,236.39	374,370.84	1,765,593	0	0.0	432	0	0	23.60	21.20	0.0
	214	GS - AF	6,648.79	810.91	5,837.88	30,786	0	2,339.4	6	0	0	21.60	18.96	0.0
	215	GS SEC	35,706,457.19	5,188,597.60	30,517,859.59	214,316,650	0	827,654.1	3,099	0	0	16.66	14.24	0.00

AEP Internal Page 8 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
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Go To TOC

December 2022

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Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
211	217	GS PRI	186,446.91	25,628.69	160,818.22	1,187,905	0	4,270.6	10	0	0	15.70	13.54	0.00
	220	GSCC PRI	62,343.40	9,411.35	52,932.05	386,016	0	1,398.0	4	0	0	16.15	13.71	0.00
	223	GS LM ON	9,676.66	1,276.40	8,400.26	52,769	28,709	0.0	4	0	0	18.34	15.92	0.00
	225	GS LM TOD	2,851.08	325.55	2,525.53	14,047	8,093	0.0	2	0	0	20.30	17.98	0.00
	227	EXP GSTOD	1,032,130.42	128,628.74	903,501.68	5,346,207	4,403,341	0.0	361	0	0	19.31	16.90	0.00
	229	GS-TOD	630,588.32	97,056.30	533,532.02	4,004,087	2,290,032	5,789.2	56	0	0	15.75	13.32	0.00
	240	LGS SEC	12,115,946.01	2,055,486.50	10,060,459.51	84,461,748	0	202,687.0	99	0	0	14.34	11.91	0.00
	244	LGS PRI	2,064,640.62	391,038.73	1,673,601.89	16,223,146	0	37,441.0	10	0	0	12.73	10.32	0.00
	248	LGS SUB	592,881.42	125,779.11	467,102.31	5,556,016	0	16,619.0	4	0	0	10.67	8.41	0.00
	251	LGS-LM-TD	114,743.29	24,447.11	90,296.18	747,876	377,088	0.0	1	0	0	15.34	12.07	0.00
	256	LGSSECTOD	343,521.43	64,326.17	279,195.26	2,657,156	1,532,016	5,011.0	2	0	0	12.93	10.51	0.00
	356	IGS SEC	1,866,949.12	378,724.30	1,488,224.82	15,772,437	0	31,286.0	4	0	0	11.84	9.44	0.00
	358	IGS PRI	8,149,217.49	1,945,619.72	6,203,597.77	80,750,109	0	140,482.0	7	0	0	10.09	7.68	0.00
	359	IGS SUB	14,354,965.50	5,361,327.54	8,993,637.96	190,954,967	-35,829,000	285,014.0	6	0	0	7.52	4.71	0.00
Total 211			100,518,549.76	18,361,820.46	82,156,729.30	730,206,402	-27,129,713	1,691,258.8	21,400	4,590	7,339	13.77	11.25	55,650.86
212	015	RS	1,530.90	216.80	1,314.10	8,849	0	0.0	1	0	0	17.30	14.85	0.00
	093	OL 175 MV	2,512.83	261.87	2,250.96	10,773	0	0.0	0	12	12	23.33	20.89	0.00
	094	OL 100 HP	39,384.01	3,007.36	36,376.65	124,450	0	0.0	0	208	258	31.65	29.23	801.30
	095	OL 400 MV	4,772.31	604.41	4,167.90	24,665	0	0.0	0	8	13	19.35	16.90	0.00
	097	OL 200 HP	31,615.26	3,377.78	28,237.48	137,475	0	0.0	0	100	135	23.00	20.54	1,187.76
	098	OL 400 HP	12,429.47	1,607.17	10,822.30	65,006	0	0.0	0	15	32	19.12	16.65	360.60
	099	OL175 MVP	227.19	21.40	205.79	869	0	0.0	0	1	1	26.14	23.68	0.00
	107	OL 200HPF	60,617.18	5,872.28	54,744.90	238,194	0	0.0	0	156	238	25.45	22.98	1,764.36
	109	OL400 HPF	275,637.47	33,976.78	241,660.69	1,384,650	0	0.0	0	287	689	19.91	17.45	6,729.99
	110	OL 250 MH	14,141.09	1,282.04	12,859.05	51,752	0	0.0	0	10	42	27.32	24.85	1,033.80
	111	OL100 HPP	6,121.73	265.34	5,856.39	11,221	0	0.0	0	6	24	54.56	52.19	224.57
	113	OL 150 HP	96,623.50	8,460.92	88,162.58	349,379	0	0.0	0	358	500	27.66	25.23	7,271.25
	116	OL 400 MH	75,755.41	8,652.68	67,102.73	349,708	0	0.0	0	63	183	21.66	19.19	2,369.15
	131	OL 1000MH	24,382.41	3,525.10	20,857.31	142,797	0	0.0	0	9	31	17.07	14.61	134.64
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AEP Internal Page 9 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
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Go To TOC

December 2022

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212	150	55W LEDOL	17,508.84	1,075.63	16,433.21	40,008	0	0.0	0	105	145	43.76	41.07	1,549.58
	160	64W LEDOL	199.87	7.01	192.86	221	0	0.0	0	1	1	90.44	87.27	0.00
	165	146WLEDOL	1,729.30	103.31	1,625.99	3,263	0	0.0	0	1	4	53.00	49.83	28.88
	166	297WLEDOL	190.75	19.22	171.53	598	0	0.0	0	0	0	31.90	28.68	0.00
	211	GS SEC	4,517,480.03	560,957.30	3,956,522.73	24,136,585	15,041	60,331.1	2,357	0	0	18.72	16.39	0.00
	215	GS SEC	23,088,947.20	3,209,495.78	19,879,451.42	136,640,500	0	587,188.1	2,116	0	0	16.90	14.55	0.00
	217	GS PRI	151,865.44	24,072.44	127,793.00	999,311	0	3,019.7	6	0	0	15.20	12.79	0.00
	220	GSCC PRI	88,500.58	14,472.44	74,028.14	641,943	0	1,140.0	1	0	0	13.79	11.53	0.00
	223	GS LM ON	126,874.83	17,293.43	109,581.40	782,737	473,625	0.0	31	0	0	16.21	14.00	0.00
	225	GS LM TOD	38,438.42	4,458.32	33,980.10	194,195	103,829	0.0	23	0	0	19.79	17.50	0.00
	227	EXP GSTOD	529,495.73	68,133.44	461,362.29	2,859,796	2,372,171	0.0	138	0	0	18.52	16.13	0.00
	229	GS-TOD	390,760.32	58,459.83	332,300.49	2,504,049	1,515,840	0.0	54	0	0	15.61	13.27	0.00
	240	LGS SEC	14,374,357.07	2,377,179.94	11,997,177.13	99,466,503	0	251,639.0	112	0	0	14.45	12.06	0.00
	242	LGS M SEC	189,361.98	31,399.25	157,962.73	1,325,044	0	3,266.0	1	0	0	14.29	11.92	0.00
	244	LGS PRI	872,075.47	156,962.59	715,112.88	6,682,843	0	17,872.0	5	0	0	13.05	10.70	0.00
	248	LGS SUB	263,494.42	64,867.46	198,626.96	2,614,830	0	5,811.0	1	0	0	10.08	7.60	0.00
	251	LGS-LM-TD	146,320.22	24,250.89	122,069.33	978,179	561,420	0.0	4	0	0	14.96	12.48	0.00
	358	IGS PRI	1,067,502.58	239,738.32	827,764.26	9,716,174	0	18,210.0	2	0	0	10.99	8.52	0.00
Total 212			46,510,853.81	6,924,078.53	39,586,775.28	292,486,567	5,041,926	948,476.9	4,852	1,340	2,309	15.90	13.53	23,455.88
213	093	OL 175 MV	1,110.93	112.99	997.94	4,753	0	0.0	0	6	6	23.37	21.00	0.00
	094	OL 100 HP	6,802.33	534.24	6,268.09	22,007	0	0.0	0	26	45	30.91	28.48	0.00
	095	OL 400 MV	1,483.39	189.38	1,294.01	7,690	0	0.0	0	3	4	19.29	16.83	0.00
	097	OL 200 HP	6,796.78	728.77	6,068.01	29,634	0	0.0	0	19	29	22.94	20.48	245.28
	098	OL 400 HP	4,240.75	534.25	3,706.50	21,500	0	0.0	0	4	11	19.72	17.24	216.60
	107	OL 200HPF	23,297.03	2,263.91	21,033.12	92,262	0	0.0	0	45	90	25.25	22.80	562.56
	109	OL400 HPF	167,988.22	20,396.77	147,591.45	836,163	0	0.0	0	94	418	20.09	17.65	5,387.67
	110	OL 250 MH	1,296.03	121.34	1,174.69	4,889	0	0.0	0	3	4	26.51	24.03	67.32
	111	OL100 HPP	7,411.50	348.72	7,062.78	14,194	0	0.0	0	4	29	52.22	49.76	0.00
	113	OL 150 HP	11,669.05	952.98	10,716.07	39,225	0	0.0	0	28	55	29.75	27.32	1,520.53

AEP Internal Page 10 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
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Go To TOC

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213	116	OL 400 MH	32,373.11	3,719.08	28,654.03	151,026	0	0.0	0	19	79	21.44	18.97	735.84
	131	OL 1000MH	849.86	110.91	738.95	4,549	0	0.0	0	1	1	18.68	16.24	67.32
	150	55W LEDOL	1,907.92	129.00	1,778.92	4,561	0	0.0	0	12	16	41.83	39.00	116.41
	165	146WLEDOL	1,362.34	110.64	1,251.70	2,814	0	0.0	0	1	2	48.41	44.48	51.29
	166	297WLEDOL	483.93	60.38	423.55	1,587	0	0.0	0	0	1	30.49	26.69	0.00
	211	GS SEC	448,605.86	52,674.51	395,931.35	2,327,949	0	6,097.0	252	0	0	19.27	17.01	0.00
	214	GS - AF	163,774.93	21,784.97	141,989.96	982,273	0	22,293.8	59	0	0	16.67	14.46	0.00
	215	GS SEC	3,378,992.45	455,760.02	2,923,232.43	20,205,138	0	81,281.6	222	0	0	16.72	14.47	0.00
	217	GS PRI	4,954.21	582.58	4,371.63	27,275	0	72.0	1	0	0	18.16	16.03	0.00
	223	GS LM ON	6,941.86	714.83	6,227.03	53,698	44,080	0.0	1	0	0	12.93	11.60	0.00
	240	LGS SEC	2,553,850.37	394,891.77	2,158,958.60	16,289,948	0	54,794.0	29	0	0	15.68	13.25	0.00
	244	LGS PRI	629,792.09	101,647.05	528,145.04	4,344,463	0	16,838.0	4	0	0	14.50	12.16	0.00
	260	PS SEC	14,093,620.09	2,044,125.39	12,049,494.70	87,787,132	0	338,407.0	138	0	0	16.05	13.73	0.00
	264	PS PRI	250,306.42	39,160.02	211,146.40	1,772,699	0	6,687.0	1	0	0	14.12	11.91	0.00
	358	IGS PRI	435,983.21	81,570.02	354,413.19	3,544,383	0	8,921.0	1	0	0	12.30	10.00	0.00
	359	IGS SUB	272,990.75	45,596.71	227,394.04	1,879,428	0	5,974.0	1	0	0	14.53	12.10	0.00
Total 213			22,508,885.41	3,268,821.23	19,240,064.18	140,451,240	44,080	541,365.4	708	265	790	16.03	13.70	8,970.82
216	093	OL 175 MV	6,434.26	674.91	5,759.35	27,530	0	0.0	0	22	32	23.37	20.92	0.00
	094	OL 100 HP	29,725.28	2,248.48	27,476.80	92,886	0	0.0	0	119	192	32.00	29.58	855.84
	095	OL 400 MV	5,208.28	666.76	4,541.52	26,995	0	0.0	0	8	14	19.29	16.82	0.00
	097	OL 200 HP	28,878.32	2,986.80	25,891.52	121,798	0	0.0	0	53	120	23.71	21.26	1,808.40
	098	OL 400 HP	41,529.37	5,180.22	36,349.15	210,214	0	0.0	0	15	104	19.76	17.29	2,317.56
	107	OL 200HPF	42,721.98	4,077.82	38,644.16	165,619	0	0.0	0	93	161	25.80	23.33	1,781.45
	109	OL400 HPF	194,857.28	24,044.54	170,812.74	978,101	0	0.0	0	199	485	19.92	17.46	4,999.99
	110	OL 250 MH	6,120.03	593.39	5,526.64	24,222	0	0.0	0	7	20	25.27	22.82	67.32
	111	OL100 HPP	65,388.22	2,863.16	62,525.06	124,780	0	0.0	0	33	267	52.40	50.11	249.12
	113	OL 150 HP	62,983.06	5,419.21	57,563.85	218,148	0	0.0	0	146	308	28.87	26.39	6,705.90
	116	OL 400 MH	39,654.94	4,440.54	35,214.40	182,550	0	0.0	0	22	97	21.72	19.29	1,216.06
	120	OL 250HPP	488.10	31.29	456.81	1,262	0	0.0	0	1	1	38.68	36.20	0.00

AEP Internal Page 11 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 01:02:18 AM
Go To TOC

December 2022

												Realiz	ation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
216	122	OL150 HPP	17,518.59	766.59	16,752.00	31,197	0	0.0	0	7	44	56.15	53.70	0.00
	131	OL 1000MH	7,118.81	1,025.33	6,093.48	41,528	0	0.0	0	7	9	17.14	14.67	67.32
	150	55W LEDOL	7,188.41	446.24	6,742.17	16,649	0	0.0	0	33	61	43.18	40.50	568.20
	165	146WLEDOL	2,235.31	109.56	2,125.75	3,826	0	0.0	0	1	5	58.42	55.56	168.30
	166	297WLEDOL	2,212.07	225.26	1,986.81	6,976	0	0.0	0	1	4	31.71	28.48	0.00
	204	GS-MTRD	12,316.52	371.28	11,945.24	11,601	0	0.0	49	0	0	106.17	102.97	0.00
	211	GS SEC	3,115,210.39	364,564.93	2,750,645.46	15,512,623	75,313	31,511.7	2,142	0	0	20.08	17.73	0.00
	213	GS-UMR	118,969.87	14,144.45	104,825.42	493,339	0	0.0	149	0	0	24.12	21.25	0.00
	214	GS - AF	61,683.16	8,523.83	53,159.33	374,482	0	7,983.4	20	0	0	16.47	14.20	0.00
	215	GS SEC	10,353,343.72	1,489,077.13	8,864,266.59	62,597,713	0	229,109.0	757	0	0	16.54	14.16	0.00
	217	GS PRI	100,733.96	11,363.63	89,370.33	455,554	0	5,535.5	4	0	0	22.11	19.62	0.00
	218	GS M SEC	33,555.95	4,543.27	29,012.68	206,174	0	685.6	1	0	0	16.28	14.07	0.00
	223	GS LM ON	2,966.77	300.27	2,666.50	15,304	9,760	0.0	2	0	0	19.39	17.42	0.00
	225	GS LM TOD	104,350.71	16,436.79	87,913.92	692,857	428,289	0.0	6	0	0	15.06	12.69	0.00
	229	GS-TOD	301,630.70	49,226.65	252,404.05	2,033,669	1,362,356	0.0	28	0	0	14.83	12.41	0.00
	240	LGS SEC	8,512,786.09	1,422,546.80	7,090,239.29	58,836,425	0	147,631.0	62	0	0	14.47	12.05	0.00
	242	LGS M SEC	825,591.49	140,070.54	685,520.95	5,787,356	0	13,676.0	6	0	0	14.27	11.85	0.00
	244	LGS PRI	567,384.40	102,698.38	464,686.02	4,132,663	0	12,732.0	4	0	0	13.73	11.24	0.00
	246	LGS M PRI	90,250.35	16,556.75	73,693.60	658,349	0	2,015.0	1	0	0	13.71	11.19	0.00
	251	LGS-LM-TD	12,434.25	1,958.67	10,475.58	71,077	90,816	0.0	1	0	0	17.49	14.74	0.00
	256	LGSSECTOD	291,129.78	55,884.19	235,245.59	2,322,561	1,415,552	4,050.0	2	0	0	12.53	10.13	0.00
	358	IGS PRI	2,644,352.97	572,987.11	2,071,365.86	23,501,511	0	47,278.0	4	0	0	11.25	8.81	0.00
	540	MW	257,293.55	43,144.65	214,148.90	1,813,803	0	2,834.4	9	0	0	14.19	11.81	0.00
Total 216			27,966,246.94	4,370,199.42	23,596,047.52	181,791,342	3,382,086	505,041.6	3,247	767	1,923	15.38	12.98	20,805.46
221	093	OL 175 MV	1,393.77	143.67	1,250.10	5,949	0	0.0	0	7	7	23.43	21.01	0.00
	094	OL 100 HP	8,901.43	694.36	8,207.07	28,315	0	0.0	0	30	58	31.44	28.98	134.64
	095	OL 400 MV	1,121.48	144.24	977.24	5,813	0	0.0	0	2	3	19.29	16.81	0.00
	097	OL 200 HP	7,874.97	859.36	7,015.61	34,913	0	0.0	0	9	34	22.56	20.09	179.70
	098	OL 400 HP	746.57	99.47	647.10	4,044	0	0.0	0	1	2	18.46	16.00	0.00

AEP Internal Page 12 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
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Go To TOC

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Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
221	107	OL 200HPF	7,772.80	742.63	7,030.17	30,784	0	0.0	0	14	31	25.25	22.84	160.59
	109	OL400 HPF	75,108.81	9,303.79	65,805.02	377,738	0	0.0	0	45	187	19.88	17.42	1,759.68
	110	OL 250 MH	1,807.81	177.63	1,630.18	7,243	0	0.0	0	1	6	24.96	22.51	0.00
	111	OL100 HPP	1,545.52	73.50	1,472.02	2,964	0	0.0	0	1	6	52.14	49.66	0.00
	113	OL 150 HP	8,930.74	769.76	8,160.98	31,833	0	0.0	0	22	45	28.05	25.64	754.06
	116	OL 400 MH	14,304.08	1,619.91	12,684.17	68,133	0	0.0	0	12	37	20.99	18.62	0.00
	131	OL 1000MH	2,841.15	381.39	2,459.76	16,642	0	0.0	0	2	4	17.07	14.78	0.00
	150	55W LEDOL	1,150.71	68.22	1,082.49	2,560	0	0.0	0	6	9	44.95	42.28	134.64
	166	297WLEDOL	286.37	39.16	247.21	961	0	0.0	0	0	0	29.80	25.72	0.00
	204	GS-MTRD	1,987.72	220.10	1,767.62	9,040	0	0.0	3	0	0	21.99	19.55	0.00
	211	GS SEC	700,541.40	79,107.54	621,433.86	3,349,698	0	3,838.0	563	0	0	20.91	18.55	0.00
	215	GS SEC	1,987,958.45	280,852.59	1,707,105.86	11,818,008	0	46,743.0	143	0	0	16.82	14.44	0.00
	217	GS PRI	125,810.84	18,423.42	107,387.42	763,442	0	2,814.5	11	0	0	16.48	14.07	0.00
	220	GSCC PRI	188,805.45	30,027.15	158,778.30	1,272,633	0	2,577.8	11	0	0	14.84	12.48	0.00
	240	LGS SEC	4,039,882.50	555,175.73	3,484,706.77	23,299,214	0	106,782.0	35	0	0	17.34	14.96	0.00
	244	LGS PRI	2,921,943.35	497,347.46	2,424,595.89	21,184,962	0	67,853.0	15	0	0	13.79	11.44	0.00
	248	LGS SUB	295,672.15	73,016.51	222,655.64	2,890,806	0	6,580.0	1	0	0	10.23	7.70	0.00
	331	CS-IRP ST	6,705,501.00	0.00	6,705,501.00	136,536,000	-10,248,000	19,200.0	1	0	0	4.91	4.91	0.00
	332	CS-IRP TR	1,703,912.29	411,864.67	1,292,047.62	17,117,313	0	47,418.0	1	0	0	9.95	7.55	0.00
	358	IGS PRI	7,887,435.84	1,756,610.06	6,130,825.78	72,409,912	0	139,544.0	10	0	0	10.89	8.47	0.00
	359	IGS SUB	8,656,543.67	1,040,382.68	7,616,160.99	45,194,067	0	204,517.0	5	0	0	19.15	16.85	0.00
	360	IGS	1,200,843.63	211,829.41	989,014.22	9,216,000	0	44,175.0	1	0	0	13.03	10.73	0.00
	370	IGS	1,260,060.19	346,458.69	913,601.50	14,839,200	0	24,292.8	1	0	0	8.49	6.16	0.00
	371	IGS	95,098,427.27	29,582,863.93	65,515,563.34	1,231,430,601	0	1,824,722.0	4	0	0	7.72	5.32	0.00
	372	IGS	17,533,004.17	5,268,379.80	12,264,624.37	218,524,207	0	341,614.0	1	0	0	8.02	5.61	0.00
Total 221			150,442,116.13	40,167,676.83	110,274,439.30	1,810,472,995	-10,248,000	2,882,671.1	805	152	429	8.31	6.09	3,123.31
222	097	OL 200 HP	619.89	51.45	568.44	2,587	0	0.0	0	2	3	23.96	21.97	28.66
	107	OL 200HPF	251.97	25.40	226.57	1,028	0	0.0	0	1	1	24.51	22.04	0.00
	109	OL400 HPF	3,354.72	430.41	2,924.31	17,124	0	0.0	0	5	8	19.59	17.08	48.00

AEP Internal Page 13 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
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Prepared: 01/08/2023 01:02:18 AM
Go To TOC

December 2022

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Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
222	113	OL 150 HP	1,903.41	149.14	1,754.27	6,291	0	0.0	0	5	9	30.26	27.89	269.28
	211	GS SEC	61,840.89	7,352.54	54,488.35	324,860	0	1,149.9	24	0	0	19.04	16.77	0.00
	215	GS SEC	352,309.46	44,735.12	307,574.34	2,128,995	0	8,677.2	25	0	0	16.55	14.45	0.00
	220	GSCC PRI	32,906.44	4,826.52	28,079.92	213,561	0	606.0	2	0	0	15.41	13.15	0.00
	240	LGS SEC	1,360,739.33	206,699.64	1,154,039.69	8,693,702	0	29,845.0	7	0	0	15.65	13.27	0.00
	244	LGS PRI	360,818.59	65,232.12	295,586.47	2,936,122	0	5,892.0	1	0	0	12.29	10.07	0.00
	251	LGS-LM-TD	1,420.39	18.19	1,402.20	709	400	0.0	1	0	0	200.34	197.77	0.00
	356	IGS SEC	-77,498.12	-17,011.38	-60,486.74	-477,044	0	0.0	0	0	0	16.25	12.68	0.00
	358	IGS PRI	988,789.32	208,432.60	780,356.72	9,164,672	0	18,830.0	1	0	0	10.79	8.51	0.00
Total 222			3,087,456.29	520,941.75	2,566,514.54	23,012,607	400	65,000.1	62	13	21	13.42	11.15	345.94
230	094	OL 100 HP	938.24	73.36	864.88	3,055	0	0.0	0	5	6	30.71	28.31	0.00
	095	OL 400 MV	368.67	46.82	321.85	1,911	0	0.0	0	1	1	19.29	16.84	0.00
	097	OL 200 HP	4,924.68	524.30	4,400.38	21,400	0	0.0	0	3	21	23.01	20.56	192.00
	107	OL 200HPF	1,023.24	98.89	924.35	4,052	0	0.0	0	3	4	25.25	22.81	24.00
	109	OL400 HPF	12,486.32	1,523.07	10,963.25	62,281	0	0.0	0	12	31	20.05	17.60	384.60
	113	OL 150 HP	4,570.13	411.87	4,158.26	16,870	0	0.0	0	14	24	27.09	24.65	269.28
	116	OL 400 MH	793.00	92.81	700.19	3,802	0	0.0	0	1	2	20.86	18.42	0.00
	150	55W LEDOL	313.30	21.28	292.02	800	0	0.0	0	3	3	39.16	36.50	0.00
	211	GS SEC	60,762.24	6,537.98	54,224.26	292,263	0	551.3	49	0	0	20.79	18.55	0.00
	215	GS SEC	365,095.56	45,205.72	319,889.84	2,090,941	0	10,342.0	51	0	0	17.46	15.30	0.00
	217	GS PRI	2,878.81	52.29	2,826.52	2,915	0	9.0	2	0	0	98.76	96.96	0.00
	220	GSCC PRI	432,875.96	65,855.41	367,020.55	2,694,307	0	8,570.6	24	0	0	16.07	13.62	0.00
	236	GSCC SUB	77,756.18	10,196.38	67,559.80	481,465	0	1,067.1	3	0	0	16.15	14.03	0.00
	240	LGS SEC	443,239.92	45,699.77	397,540.15	2,015,738	0	15,817.0	7	0	0	21.99	19.72	0.00
	244	LGS PRI	4,534,995.29	644,889.84	3,890,105.45	26,503,297	296,400	146,819.0	25	0	0	17.11	14.68	0.00
	248	LGS SUB	267,366.02	65,794.34	201,571.68	2,748,558	0	4,797.0	1	0	0	9.73	7.33	0.00
	257	LGSPRITOD	376,501.75	60,633.20	315,868.55	2,865,510	1,744,800	7,443.0	2	0	0	13.14	11.02	0.00
	330	CS-IRP PR	4,120,457.12	669,383.56	3,451,073.56	28,111,741	0	98,167.0	5	0	0	14.66	12.28	0.00
	333	CS-IRP	4,396,340.02	1,207,766.94	3,188,573.08	50,373,415	0	127,824.0	1	0	0	8.73	6.33	0.00

AEP Internal Page 14 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
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Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
230	358	IGS PRI	10,537,415.95	1,563,158.89	8,974,257.06	66,640,222	-143,500	219,752.6	8	0	0	15.81	13.47	0.00
	359	IGS SUB	6,002,946.50	1,174,602.49	4,828,344.01	50,063,562	0	151,909.0	4	0	0	11.99	9.64	0.00
Total 230			31,644,048.90	5,562,569.21	26,081,479.69	234,998,105	1,897,700	793,068.6	182	42	92	13.47	11.10	869.88
400	093	OL 175 MV	411.33	43.71	367.62	1,763	0	0.0	0	1	2	23.33	20.85	0.00
	094	OL 100 HP	606.76	48.55	558.21	1,966	0	0.0	0	2	4	30.86	28.39	0.00
	107	OL 200HPF	251.09	25.18	225.91	1,023	0	0.0	0	1	1	24.54	22.08	0.00
	109	OL400 HPF	9,199.12	1,138.10	8,061.02	46,382	0	0.0	0	7	23	19.83	17.38	201.96
	111	OL100 HPP	23,430.83	1,098.18	22,332.65	44,843	0	0.0	0	19	92	52.25	49.80	0.00
	113	OL 150 HP	879.07	70.45	808.62	2,857	0	0.0	0	2	4	30.77	28.30	134.64
	122	OL150 HPP	3,190.79	139.51	3,051.28	5,685	0	0.0	0	2	8	56.13	53.67	0.00
	131	OL 1000MH	778.37	113.01	665.36	4,593	0	0.0	0	1	1	16.95	14.49	0.00
	204	GS-MTRD	1,607.98	0.15	1,607.83	10	0	0.0	8	0	0	16,079.80	16,078.30	0.00
	211	GS SEC	145,299.36	9,697.91	135,601.45	380,861	0	161.2	240	0	0	38.15	35.60	0.00
	213	GS-UMR	235.16	1.44	233.72	60	0	0.0	1	0	0	391.93	389.53	0.00
	215	GS SEC	78,003.43	10,807.74	67,195.69	459,569	0	1,932.7	6	0	0	16.97	14.62	0.00
	528	SL	1,929,368.15	203,911.29	1,725,456.86	8,438,523	0	0.0	54	0	0	22.86	20.45	0.00
Total 400			2,193,261.44	227,095.22	1,966,166.22	9,388,135	0	2,093.9	309	35	135	23.36	20.94	336.60
Grand Tota	al		702,685,902.26	124,934,507.27	577,751,394.99	5,391,297,797	-25,020,938	7,457,573.5	164,184	46,132	54,895	13.03	10.72	297,136.29

AEP Internal Page 15 of 64



TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01/02/18 Att
Go To TOC

State: KY December 2022

State : KY											Decembe	1 2022	
											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
011	RSW-LMWH	338,234.39	51,147.27	287,087.12	2,222,480	0	0.0	127	0	0	15.22	12.92	0.00
012	RSW-A	30,369.70	4,666.85	25,702.85	203,811	0	0.0	10	0	0	14.90	12.61	0.00
013	RSW-B	2,804.28	446.68	2,357.60	18,651	0	0.0	1	0	0	15.04	12.64	0.00
014	RSW-C	32,906.65	4,943.34	27,963.31	221,772	0	0.0	15	0	0	14.84	12.61	0.00
015	RS	144,751,201.21	20,906,105.30	123,845,095.91	893,261,906	75,327	9,693.8	65,297	0	0	16.20	13.86	0.00
017	RS EMP	834,899.30	122,622.59	712,276.71	5,335,523	0	0.0	294	0	0	15.65	13.35	0.00
022	RSW-RS	164,741,952.50	23,797,080.71	140,944,871.79	1,040,548,864	57,326	18,903.3	66,719	0	0	15.83	13.55	0.00
028	AORH-W ON	18,730.69	2,804.68	15,926.01	124,331	74,519	0.0	6	0	0	15.07	12.81	0.00
030	RSW-ONPK	204,447.33	30,260.10	174,187.23	1,345,923	816,621	0.0	65	0	0	15.19	12.94	0.00
032	RS LM-ON	224,727.82	33,630.66	191,097.16	1,464,907	901,440	0.0	76	0	0	15.34	13.05	0.00
034	AORH-ON	1,947.44	301.35	1,646.09	13,446	8,338	0.0	2	0	0	14.48	12.24	0.00
036	RS-TOD-ON	14,955.91	2,328.10	12,627.81	97,760	57,012	0.0	4	0	0	15.30	12.92	0.00
093	OL 175 MV	106,810.08	11,440.79	95,369.29	463,943	0	0.0	0	519	547	23.02	20.56	63.52
094	OL 100 HP	2,695,345.84	212,811.27	2,482,534.57	8,807,879	0	0.0	0	17,079	18,389	30.60	28.19	51,389.48
095	OL 400 MV	26,852.11	3,420.31	23,431.80	139,362	0	0.0	0	53	73	19.27	16.81	0.00
097	OL 200 HP	362,755.16	39,635.57	323,119.59	1,621,059	0	0.0	0	1,224	1,600	22.38	19.93	9,737.54
098	OL 400 HP	98,325.64	12,511.49	85,814.15	509,983	0	0.0	0	110	255	19.28	16.83	3,769.74
099	OL175 MVP	1,147.42	108.79	1,038.63	4,396	0	0.0	0	3	5	26.10	23.63	0.00
103	OL 250 HP	939.00	93.59	845.41	3,782	0	0.0	0	2	3	24.83	22.35	0.00
107	OL 200HPF	427,934.95	41,760.67	386,174.28	1,703,540	0	0.0	0	1,188	1,681	25.12	22.67	11,820.59
109	OL400 HPF	1,578,744.74	195,865.75	1,382,878.99	7,980,559	0	0.0	0	1,680	3,978	19.78	17.33	35,402.82
110	OL 250 MH	55,103.73	5,232.85	49,870.88	211,842	0	0.0	0	93	176	26.01	23.54	2,111.44
111	OL100 HPP	189,801.77	8,709.56	181,092.21	363,171	0	0.0	0	209	758	52.26	49.86	1,536.45
113	OL 150 HP	3,279,376.86	304,881.88	2,974,494.98	12,717,214	0	0.0	0	16,481	18,442	25.79	23.39	133,107.31
116	OL 400 MH	379,042.67	43,901.62	335,141.05	1,761,583	0	0.0	0	292	929	21.52	19.02	9,736.23
120	OL 250HPP	963.12	62.55	900.57	2,526	0	0.0	0	2	2	38.13	35.65	0.00
122	OL150 HPP	27,004.55	1,186.46	25,818.09	48,280	0	0.0	0	16	68	55.93	53.48	0.00

AEP Internal Page 16 of 64



TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01/03/18 AM
Go To TOC

State: KY December 2022

State . Ki											Decembe	. 2022	
											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
126	OL 400HPP	1,939.32	149.64	1,789.68	6,075	0	0.0	0	2	3	31.92	29.46	0.00
130	OL 250MON	2,223.21	217.29	2,005.92	7,499	0	0.0	0	6	6	29.65	26.75	23.37
131	OL 1000MH	82,083.98	11,323.23	70,760.75	474,688	0	0.0	0	50	109	17.29	14.91	972.26
136	OL 400MON	5,453.81	535.97	4,917.84	21,533	0	0.0	0	4	11	25.33	22.84	67.32
150	55W LEDOL	876,650.95	58,510.14	818,140.81	2,169,507	0	0.0	0	7,097	7,810	40.41	37.71	37,111.97
152	175WLEDOL	101.87	13.80	88.07	428	0	0.0	0	0	0	23.80	20.58	0.00
160	64W LEDOL	1,472.91	47.56	1,425.35	1,709	0	0.0	0	5	5	86.19	83.40	0.00
165	146WLEDOL	11,922.78	753.82	11,168.96	22,883	0	0.0	0	12	28	52.10	48.81	248.47
166	297WLEDOL	9,020.19	968.16	8,052.03	28,553	0	0.0	0	5	17	31.59	28.20	37.78
204	GS-MTRD	216,611.13	22,763.31	193,847.82	931,259	0	0.0	368	0	0	23.26	20.82	0.00
211	GS SEC	29,805,208.54	3,380,256.79	26,424,951.75	143,272,087	150,362	234,907.7	22,614	0	0	20.80	18.44	0.00
212	GS-SEC M	853.44	80.86	772.58	3,285	0	0.0	1	0	0	25.98	23.52	0.00
213	GS-UMR	535,812.26	56,382.28	479,429.98	2,258,992	0	0.0	583	0	0	23.72	21.22	0.00
214	GS - AF	232,106.88	31,119.71	200,987.17	1,387,541	0	32,616.6	84	0	0	16.73	14.49	0.00
215	GS SEC	75,311,107.46	10,724,531.70	64,586,575.76	450,257,514	0	1,792,927.7	6,419	0	0	16.73	14.34	0.00
217	GS PRI	572,690.17	80,123.05	492,567.12	3,436,402	0	15,721.3	33	0	0	16.67	14.33	0.00
218	GS M SEC	33,555.95	4,543.27	29,012.68	206,174	0	685.6	1	0	0	16.28	14.07	0.00
220	GSCC PRI	805,431.83	124,592.87	680,838.96	5,208,460	0	14,292.4	41	0	0	15.46	13.07	0.00
223	GS LM ON	146,460.12	19,584.93	126,875.19	904,508	556,174	0.0	38	0	0	16.19	14.03	0.00
225	GS LM TOD	145,640.21	21,220.66	124,419.55	901,099	540,211	0.0	31	0	0	16.16	13.81	0.00
227	EXP GSTOD	1,561,626.15	196,762.18	1,364,863.97	8,206,003	6,775,512	0.0	498	0	0	19.03	16.63	0.00
229	GS-TOD	1,322,979.34	204,742.78	1,118,236.56	8,541,805	5,168,228	5,789.2	138	0	0	15.49	13.09	0.00
236	GSCC SUB	77,756.18	10,196.38	67,559.80	481,465	0	1,067.1	3	0	0	16.15	14.03	0.00
240	LGS SEC	43,400,801.29	7,057,680.15	36,343,121.14	293,063,278	0	809,195.0	352	0	0	14.81	12.40	0.00
242	LGS M SEC	1,014,953.47	171,469.79	843,483.68	7,112,400	0	16,942.0	7	0	0	14.27	11.86	0.00
244	LGS PRI	11,951,649.81	1,959,816.17	9,991,833.64	82,007,496	296,400	305,447.0	65	0	0	14.57	12.18	0.00
246	LGS M PRI	90,250.35	16,556.75	73,693.60	658,349	0	2,015.0	1	0	0	13.71	11.19	0.00

AEP Internal Page 17 of 64



TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 0123 18 01 64
Go To TOC

State: KY December 2022

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											Realiz	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
248	LGS SUB	1,419,414.01	329,457.42	1,089,956.59	13,810,210	0	33,807.0	7	0	0	10.28	7.89	0.00
251	LGS-LM-TD	274,918.15	50,674.86	224,243.29	1,797,841	1,029,724	0.0	7	0	0	15.29	12.47	0.00
256	LGSSECTOD	634,651.21	120,210.36	514,440.85	4,979,717	2,947,568	9,061.0	4	0	0	12.74	10.33	0.00
257	LGSPRITOD	376,501.75	60,633.20	315,868.55	2,865,510	1,744,800	7,443.0	2	0	0	13.14	11.02	0.00
260	PS SEC	14,093,620.09	2,044,125.39	12,049,494.70	87,787,132	0	338,407.0	138	0	0	16.05	13.73	0.00
264	PS PRI	250,306.42	39,160.02	211,146.40	1,772,699	0	6,687.0	1	0	0	14.12	11.91	0.00
330	CS-IRP PR	4,120,457.12	669,383.56	3,451,073.56	28,111,741	0	98,167.0	5	0	0	14.66	12.28	0.00
331	CS-IRP ST	6,705,501.00	0.00	6,705,501.00	136,536,000	-10,248,000	19,200.0	1	0	0	4.91	4.91	0.00
332	CS-IRP TR	1,703,912.29	411,864.67	1,292,047.62	17,117,313	0	47,418.0	1	0	0	9.95	7.55	0.00
333	CS-IRP	4,396,340.02	1,207,766.94	3,188,573.08	50,373,415	0	127,824.0	1	0	0	8.73	6.33	0.00
356	IGS SEC	1,789,451.00	361,712.92	1,427,738.08	15,295,393	0	31,286.0	4	0	0	11.70	9.33	0.00
358	IGS PRI	31,710,697.36	6,368,116.72	25,342,580.64	265,726,983	-143,500	593,017.6	33	0	0	11.93	9.54	0.00
359	IGS SUB	29,287,446.42	7,621,909.42	21,665,537.00	288,092,024	-35,829,000	647,414.0	16	0	0	10.17	7.52	0.00
360	IGS	1,200,843.63	211,829.41	989,014.22	9,216,000	0	44,175.0	1	0	0	13.03	10.73	0.00
370	IGS	1,260,060.19	346,458.69	913,601.50	14,839,200	0	24,292.8	1	0	0	8.49	6.16	0.00
371	IGS	95,098,427.27	29,582,863.93	65,515,563.34	1,231,430,601	0	1,824,722.0	4	0	0	7.72	5.32	0.00
372	IGS	17,533,004.17	5,268,379.80	12,264,624.37	218,524,207	0	341,614.0	1	0	0	8.02	5.61	0.00
528	SL	1,929,368.15	203,911.29	1,725,456.86	8,438,523	0	0.0	54	0	0	22.86	20.45	0.00
540	MW	257,293.55	43,144.65	214,148.90	1,813,803	0	2,834.4	9	0	0	14.19	11.81	0.00
KY - Summ	ary	702,685,902.26	124,934,507.27	577,751,394.99	5,391,297,797	-25,020,938	7,457,573.5	164,184	46,132	54,895	13.03	10.72	297,136.29

AEP Internal Page 18 of 64



TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01:02-186 AM of 64

Go To TOC

December 2022

												Realizat	tion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 19 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 01-02:18 AM
Go To TOC

State: KY December 2022

State : KY												Decembe	1 2022	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
010	011	RSW-LMWH	95,326.80	14,155.51	81,171.29	612,215	0	0.0	46	0	0	15.57	13.26	0.00
	014	RSW-C	23,190.98	3,575.25	19,615.73	153,050	0	0.0	12	0	0	15.15	12.82	0.00
	015	RS	71,339,237.53	10,207,589.19	61,131,648.34	427,969,869	4,865	5,314.4	36,873	0	0	16.67	14.28	0.00
	022	RSW-RS	25,066,137.28	3,590,043.24	21,476,094.04	153,697,223	0	712.7	11,959	0	0	16.31	13.97	0.00
	036	RS-TOD-ON	1,418.58	141.78	1,276.80	5,853	3,456	0.0	2	0	0	24.24	21.81	0.00
	093	OL 175 MV	51,515.17	5,623.98	45,891.19	224,060	0	0.0	0	270	268	22.99	20.48	63.52
	094	OL 100 HP	1,022,157.13	81,096.90	941,060.23	3,363,916	0	0.0	0	6,647	7,021	30.39	27.98	15,657.87
	095	OL 400 MV	2,158.13	279.35	1,878.78	11,413	0	0.0	0	4	6	18.91	16.46	0.00
	097	OL 200 HP	68,926.29	7,705.53	61,220.76	316,508	0	0.0	0	293	314	21.78	19.34	1,032.63
	098	OL 400 HP	4,027.99	522.78	3,505.21	21,900	0	0.0	0	11	11	18.39	16.01	67.32
	107	OL 200HPF	57,921.24	5,852.37	52,068.87	238,484	0	0.0	0	195	236	24.29	21.83	971.29
	109	OL400 HPF	65,743.48	8,412.17	57,331.31	342,599	0	0.0	0	110	171	19.19	16.73	760.07
	110	OL 250 MH	4,565.09	453.39	4,111.70	18,792	0	0.0	0	15	16	24.29	21.88	0.00
	111	OL100 HPP	5,968.91	283.76	5,685.15	11,754	0	0.0	0	14	25	50.78	48.37	50.12
	113	OL 150 HP	885,440.83	82,839.40	802,601.43	3,467,781	0	0.0	0	4,640	5,044	25.53	23.14	32,047.38
	116	OL 400 MH	5,679.18	649.50	5,029.68	27,242	0	0.0	0	12	15	20.85	18.46	67.32
	122	OL150 HPP	763.88	34.79	729.09	1,419	0	0.0	0	2	2	53.83	51.38	0.00
	130	OL 250MON	719.07	68.05	651.02	2,368	0	0.0	0	2	2	30.37	27.49	23.37
	131	OL 1000MH	3,051.88	449.45	2,602.43	18,322	0	0.0	0	3	4	16.66	14.20	0.00
	136	OL 400MON	572.78	65.00	507.78	2,380	0	0.0	0	1	1	24.07	21.34	0.00
	150	55W LEDOL	264,842.08	17,887.16	246,954.92	663,697	0	0.0	0	2,237	2,392	39.90	37.21	8,924.42
	152	175WLEDOL	101.87	13.80	88.07	428	0	0.0	0	0	0	23.80	20.58	0.00
	160	64W LEDOL	361.69	12.19	349.50	439	0	0.0	0	1	1	82.39	79.61	0.00
	165	146WLEDOL	642.97	40.78	602.19	1,253	0	0.0	0	1	2	51.31	48.06	0.00
	166	297WLEDOL	164.22	22.21	142.01	564	0	0.0	0	0	0	29.12	25.18	0.00
010 - Sumr	mary		98,970,635.05	14,027,817.53	84,942,817.52	591,173,529	8,321	6,027.1	48,892	14,459	15,531	16.74	14.37	59,665.31
020	011	RSW-LMWH	242,907.59	36,991.76	205,915.83	1,610,265	0	0.0	81	0	0	15.08	12.79	0.00
	012	RSW-A	30,369.70	4,666.85	25,702.85	203,811	0	0.0	10	0	0	14.90	12.61	0.00
	013	RSW-B	2,804.28	446.68	2,357.60	18,651	0	0.0	1	0	0	15.04	12.64	0.00

AEP Internal Page 20 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 0102:18 AM
Go To TOC

State: KY December 2022

state : KY												Decembe	1 2022	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
020	014	RSW-C	9,715.67	1,368.09	8,347.58	68,722	0	0.0	2	0	0	14.14	12.15	0.00
	015	RS	73,410,432.78	10,698,299.31	62,712,133.47	465,283,188	70,462	4,379.4	28,422	0	0	15.78	13.48	0.00
	017	RS EMP	834,899.30	122,622.59	712,276.71	5,335,523	0	0.0	294	0	0	15.65	13.35	0.00
	022	RSW-RS	139,675,815.22	20,207,037.47	119,468,777.75	886,851,641	57,326	18,190.6	54,760	0	0	15.75	13.47	0.00
	028	AORH-W ON	18,730.69	2,804.68	15,926.01	124,331	74,519	0.0	6	0	0	15.07	12.81	0.00
	030	RSW-ONPK	204,447.33	30,260.10	174,187.23	1,345,923	816,621	0.0	65	0	0	15.19	12.94	0.00
	032	RS LM-ON	224,727.82	33,630.66	191,097.16	1,464,907	901,440	0.0	76	0	0	15.34	13.05	0.00
	034	AORH-ON	1,947.44	301.35	1,646.09	13,446	8,338	0.0	2	0	0	14.48	12.24	0.00
	036	RS-TOD-ON	13,537.33	2,186.32	11,351.01	91,907	53,556	0.0	2	0	0	14.73	12.35	0.00
	093	OL 175 MV	27,287.84	2,896.28	24,391.56	120,025	0	0.0	0	137	141	22.74	20.32	0.00
	094	OL 100 HP	1,411,819.99	111,772.23	1,300,047.76	4,619,530	0	0.0	0	9,095	9,659	30.56	28.14	30,183.29
	095	OL 400 MV	1,087.06	141.67	945.39	5,752	0	0.0	0	3	3	18.90	16.44	0.00
	097	OL 200 HP	111,586.08	12,494.33	99,091.75	512,267	0	0.0	0	471	507	21.78	19.34	1,720.75
	098	OL 400 HP	9,568.95	1,242.72	8,326.23	51,895	0	0.0	0	25	27	18.44	16.04	177.96
	107	OL 200HPF	84,097.31	8,346.00	75,751.31	341,314	0	0.0	0	299	338	24.64	22.19	2,385.69
	109	OL400 HPF	83,843.46	10,872.41	72,971.05	448,055	0	0.0	0	186	225	18.71	16.29	1,394.59
	110	OL 250 MH	6,423.21	649.96	5,773.25	26,097	0	0.0	0	20	22	24.61	22.12	57.91
	111	OL100 HPP	30,224.13	1,460.62	28,763.51	59,242	0	0.0	0	98	122	51.02	48.55	514.40
	113	OL 150 HP	1,873,300.97	176,153.39	1,697,147.58	7,352,417	0	0.0	0	9,880	10,683	25.48	23.08	65,382.27
	116	OL 400 MH	7,624.30	925.18	6,699.12	37,317	0	0.0	0	15	19	20.43	17.95	43.32
	120	OL 250HPP	475.02	31.26	443.76	1,264	0	0.0	0	1	1	37.58	35.11	0.00
	122	OL150 HPP	1,535.17	70.44	1,464.73	2,857	0	0.0	0	4	4	53.73	51.27	0.00
	126	OL 400HPP	633.35	50.17	583.18	2,031	0	0.0	0	1	1	31.18	28.71	0.00
	130	OL 250MON	1,120.26	118.53	1,001.73	3,896	0	0.0	0	3	3	28.75	25.71	0.00
	131	OL 1000MH	2,353.34	252.50	2,100.84	12,778	0	0.0	0	1	4	18.42	16.44	0.00
	136	OL 400MON	446.23	43.77	402.46	1,831	0	0.0	0	1	1	24.37	21.98	0.00
	150	55W LEDOL	511,416.90	34,151.81	477,265.09	1,266,988	0	0.0	0	4,225	4,560	40.36	37.67	22,052.05
	160	64W LEDOL	911.35	28.36	882.99	1,049	0	0.0	0	3	3	86.88	84.17	0.00
	165	146WLEDOL	603.37	48.17	555.20	1,323	0	0.0	0	1	2	45.61	41.97	0.00

AEP Internal Page 21 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 0102:18 AM
GO TO TOC

State: KY

State : KY												Decembe	1 2022	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
020	211	GS SEC	7,155.09	1,121.43	6,033.66	36,632	0	0.0	4	0	0	19.53	16.47	0.00
020 - Sumr	mary		218,843,848.53	31,503,487.09	187,340,361.44	1,377,316,875	1,982,262	22,570.0	83,727	24,470	26,326	15.89	13.60	123,912.23
211	093	OL 175 MV	16,143.95	1,683.38	14,460.57	69,090	0	0.0	0	65	80	23.37	20.93	0.00
	094	OL 100 HP	175,010.67	13,335.79	161,674.88	551,754	0	0.0	0	947	1,146	31.72	29.30	3,756.54
	095	OL 400 MV	10,652.79	1,347.68	9,305.11	55,123	0	0.0	0	24	29	19.33	16.88	0.00
	097	OL 200 HP	101,532.89	10,907.25	90,625.64	444,477	0	0.0	0	274	437	22.84	20.39	3,342.36
	098	OL 400 HP	25,782.54	3,324.88	22,457.66	135,424	0	0.0	0	39	68	19.04	16.58	629.70
	099	OL175 MVP	920.23	87.39	832.84	3,527	0	0.0	0	2	4	26.09	23.61	0.00
	103	OL 250 HP	939.00	93.59	845.41	3,782	0	0.0	0	2	3	24.83	22.35	0.00
	107	OL 200HPF	149,981.11	14,456.19	135,524.92	590,780	0	0.0	0	381	581	25.39	22.94	4,170.65
	109	OL400 HPF	690,525.86	85,767.71	604,758.15	3,487,466	0	0.0	0	736	1,741	19.80	17.34	13,736.27
	110	OL 250 MH	20,750.47	1,955.10	18,795.37	78,847	0	0.0	0	38	66	26.32	23.84	885.09
	111	OL100 HPP	49,710.93	2,316.28	47,394.65	94,173	0	0.0	0	33	193	52.79	50.33	498.24
	113	OL 150 HP	333,076.10	29,654.76	303,421.34	1,232,413	0	0.0	0	1,386	1,769	27.03	24.62	18,752.72
	116	OL 400 MH	202,858.65	23,801.92	179,056.73	941,805	0	0.0	0	148	497	21.54	19.01	5,304.54
	122	OL150 HPP	3,996.12	175.13	3,820.99	7,122	0	0.0	0	1	10	56.11	53.65	0.00
	126	OL 400HPP	1,305.97	99.47	1,206.50	4,044	0	0.0	0	1	2	32.29	29.83	0.00
	130	OL 250MON	383.88	30.71	353.17	1,235	0	0.0	0	1	1	31.08	28.60	0.00
	131	OL 1000MH	40,708.16	5,465.54	35,242.62	233,479	0	0.0	0	26	54	17.44	15.09	702.98
	136	OL 400MON	4,434.80	427.20	4,007.60	17,322	0	0.0	0	2	9	25.60	23.14	67.32
	150	55W LEDOL	72,322.79	4,730.80	67,591.99	174,244	0	0.0	0	475	625	41.51	38.79	3,766.67
	165	146WLEDOL	5,349.49	341.36	5,008.13	10,404	0	0.0	0	6	13	51.42	48.14	0.00
	166	297WLEDOL	5,682.85	601.93	5,080.92	17,867	0	0.0	0	3	11	31.81	28.44	37.78
	204	GS-MTRD	200,698.91	22,171.78	178,527.13	910,608	0	0.0	308	0	0	22.04	19.61	0.00
	211	GS SEC	20,748,313.28	2,298,242.65	18,450,070.63	96,910,616	60,008	131,267.5	16,984	0	0	21.41	19.04	0.00
	212	GS-SEC M	853.44	80.86	772.58	3,285	0	0.0	1	0	0	25.98	23.52	0.00
	213	GS-UMR	416,607.23	42,236.39	374,370.84	1,765,593	0	0.0	432	0	0	23.60	21.20	0.00
	214	GS - AF	6,648.79	810.91	5,837.88	30,786	0	2,339.4	6	0	0	21.60	18.96	0.00
	215	GS SEC	35,706,457.19	5,188,597.60	30,517,859.59	214,316,650	0	827,654.1	3,099	0	0	16.66	14.24	0.00

AEP Internal Page 22 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 01-02:18 AM
Go To TOC

State: KY

State : KY												Decembe	r 2022	
												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
211	217	GS PRI	186,446.91	25,628.69	160,818.22	1,187,905	0	4,270.6	10	0	0	15.70	13.54	0.00
	220	GSCC PRI	62,343.40	9,411.35	52,932.05	386,016	0	1,398.0	4	0	0	16.15	13.71	0.00
	223	GS LM ON	9,676.66	1,276.40	8,400.26	52,769	28,709	0.0	4	0	0	18.34	15.92	0.00
	225	GS LM TOD	2,851.08	325.55	2,525.53	14,047	8,093	0.0	2	0	0	20.30	17.98	0.00
	227	EXP GSTOD	1,032,130.42	128,628.74	903,501.68	5,346,207	4,403,341	0.0	361	0	0	19.31	16.90	0.00
	229	GS-TOD	630,588.32	97,056.30	533,532.02	4,004,087	2,290,032	5,789.2	56	0	0	15.75	13.32	0.00
	240	LGS SEC	12,115,946.01	2,055,486.50	10,060,459.51	84,461,748	0	202,687.0	99	0	0	14.34	11.91	0.00
	244	LGS PRI	2,064,640.62	391,038.73	1,673,601.89	16,223,146	0	37,441.0	10	0	0	12.73	10.32	0.00
	248	LGS SUB	592,881.42	125,779.11	467,102.31	5,556,016	0	16,619.0	4	0	0	10.67	8.41	0.00
	251	LGS-LM-TD	114,743.29	24,447.11	90,296.18	747,876	377,088	0.0	1	0	0	15.34	12.07	0.00
	256	LGSSECTOD	343,521.43	64,326.17	279,195.26	2,657,156	1,532,016	5,011.0	2	0	0	12.93	10.51	0.00
	356	IGS SEC	1,866,949.12	378,724.30	1,488,224.82	15,772,437	0	31,286.0	4	0	0	11.84	9.44	0.00
	358	IGS PRI	8,149,217.49	1,945,619.72	6,203,597.77	80,750,109	0	140,482.0	7	0	0	10.09	7.68	0.00
	359	IGS SUB	14,354,965.50	5,361,327.54	8,993,637.96	190,954,967	-35,829,000	285,014.0	6	0	0	7.52	4.71	0.00
211 - Sumr	nary		100,518,549.76	18,361,820.46	82,156,729.30	730,206,402	-27,129,713	1,691,258.8	21,400	4,590	7,339	13.77	11.25	55,650.86
212	015	RS	1,530.90	216.80	1,314.10	8,849	0	0.0	1	0	0	17.30	14.85	0.00
	093	OL 175 MV	2,512.83	261.87	2,250.96	10,773	0	0.0	0	12	12	23.33	20.89	0.00
	094	OL 100 HP	39,384.01	3,007.36	36,376.65	124,450	0	0.0	0	208	258	31.65	29.23	801.30
	095	OL 400 MV	4,772.31	604.41	4,167.90	24,665	0	0.0	0	8	13	19.35	16.90	0.00
	097	OL 200 HP	31,615.26	3,377.78	28,237.48	137,475	0	0.0	0	100	135	23.00	20.54	1,187.76
	098	OL 400 HP	12,429.47	1,607.17	10,822.30	65,006	0	0.0	0	15	32	19.12	16.65	360.60
	099	OL175 MVP	227.19	21.40	205.79	869	0	0.0	0	1	1	26.14	23.68	0.00
	107	OL 200HPF	60,617.18	5,872.28	54,744.90	238,194	0	0.0	0	156	238	25.45	22.98	1,764.36
	109	OL400 HPF	275,637.47	33,976.78	241,660.69	1,384,650	0	0.0	0	287	689	19.91	17.45	6,729.99
	110	OL 250 MH	14,141.09	1,282.04	12,859.05	51,752	0	0.0	0	10	42	27.32	24.85	1,033.80
	111	OL100 HPP	6,121.73	265.34	5,856.39	11,221	0	0.0	0	6	24	54.56	52.19	224.57
	113	OL 150 HP	96,623.50	8,460.92	88,162.58	349,379	0	0.0	0	358	500	27.66	25.23	7,271.25
	116	OL 400 MH	75,755.41	8,652.68	67,102.73	349,708	0	0.0	0	63	183	21.66	19.19	2,369.15
	131	OL 1000MH	24,382.41	3,525.10	20,857.31	142,797	0	0.0	0	9	31	17.07	14.61	134.64

AEP Internal Page 23 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 01-02:18 AM
Go To TOC

State: KY

State : KY												Decembe	1 2022	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
212	150	55W LEDOL	17,508.84	1,075.63	16,433.21	40,008	0	0.0	0	105	145	43.76	41.07	1,549.58
	160	64W LEDOL	199.87	7.01	192.86	221	0	0.0	0	1	1	90.44	87.27	0.00
	165	146WLEDOL	1,729.30	103.31	1,625.99	3,263	0	0.0	0	1	4	53.00	49.83	28.88
	166	297WLEDOL	190.75	19.22	171.53	598	0	0.0	0	0	0	31.90	28.68	0.00
	211	GS SEC	4,517,480.03	560,957.30	3,956,522.73	24,136,585	15,041	60,331.1	2,357	0	0	18.72	16.39	0.00
	215	GS SEC	23,088,947.20	3,209,495.78	19,879,451.42	136,640,500	0	587,188.1	2,116	0	0	16.90	14.55	0.00
	217	GS PRI	151,865.44	24,072.44	127,793.00	999,311	0	3,019.7	6	0	0	15.20	12.79	0.00
	220	GSCC PRI	88,500.58	14,472.44	74,028.14	641,943	0	1,140.0	1	0	0	13.79	11.53	0.00
	223	GS LM ON	126,874.83	17,293.43	109,581.40	782,737	473,625	0.0	31	0	0	16.21	14.00	0.00
	225	GS LM TOD	38,438.42	4,458.32	33,980.10	194,195	103,829	0.0	23	0	0	19.79	17.50	0.00
	227	EXP GSTOD	529,495.73	68,133.44	461,362.29	2,859,796	2,372,171	0.0	138	0	0	18.52	16.13	0.00
	229	GS-TOD	390,760.32	58,459.83	332,300.49	2,504,049	1,515,840	0.0	54	0	0	15.61	13.27	0.00
	240	LGS SEC	14,374,357.07	2,377,179.94	11,997,177.13	99,466,503	0	251,639.0	112	0	0	14.45	12.06	0.00
	242	LGS M SEC	189,361.98	31,399.25	157,962.73	1,325,044	0	3,266.0	1	0	0	14.29	11.92	0.00
	244	LGS PRI	872,075.47	156,962.59	715,112.88	6,682,843	0	17,872.0	5	0	0	13.05	10.70	0.00
	248	LGS SUB	263,494.42	64,867.46	198,626.96	2,614,830	0	5,811.0	1	0	0	10.08	7.60	0.00
	251	LGS-LM-TD	146,320.22	24,250.89	122,069.33	978,179	561,420	0.0	4	0	0	14.96	12.48	0.00
	358	IGS PRI	1,067,502.58	239,738.32	827,764.26	9,716,174	0	18,210.0	2	0	0	10.99	8.52	0.00
212 - Sumi	mary		46,510,853.81	6,924,078.53	39,586,775.28	292,486,567	5,041,926	948,476.9	4,852	1,340	2,309	15.90	13.53	23,455.88
213	093	OL 175 MV	1,110.93	112.99	997.94	4,753	0	0.0	0	6	6	23.37	21.00	0.00
	094	OL 100 HP	6,802.33	534.24	6,268.09	22,007	0	0.0	0	26	45	30.91	28.48	0.00
	095	OL 400 MV	1,483.39	189.38	1,294.01	7,690	0	0.0	0	3	4	19.29	16.83	0.00
	097	OL 200 HP	6,796.78	728.77	6,068.01	29,634	0	0.0	0	19	29	22.94	20.48	245.28
	098	OL 400 HP	4,240.75	534.25	3,706.50	21,500	0	0.0	0	4	11	19.72	17.24	216.60
	107	OL 200HPF	23,297.03	2,263.91	21,033.12	92,262	0	0.0	0	45	90	25.25	22.80	562.56
	109	OL400 HPF	167,988.22	20,396.77	147,591.45	836,163	0	0.0	0	94	418	20.09	17.65	5,387.67
	110	OL 250 MH	1,296.03	121.34	1,174.69	4,889	0	0.0	0	3	4	26.51	24.03	67.32
	111	OL100 HPP	7,411.50	348.72	7,062.78	14,194	0	0.0	0	4	29	52.22	49.76	0.00
	113	OL 150 HP	11,669.05	952.98	10,716.07	39,225	0	0.0	0	28	55	29.75	27.32	1,520.53

AEP Internal Page 24 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 01/02:18 AM
Go To TOC

State: KY December 2022

State . Ki												Decembe	. 2022	
												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
213	116	OL 400 MH	32,373.11	3,719.08	28,654.03	151,026	0	0.0	0	19	79	21.44	18.97	735.84
	131	OL 1000MH	849.86	110.91	738.95	4,549	0	0.0	0	1	1	18.68	16.24	67.32
	150	55W LEDOL	1,907.92	129.00	1,778.92	4,561	0	0.0	0	12	16	41.83	39.00	116.41
	165	146WLEDOL	1,362.34	110.64	1,251.70	2,814	0	0.0	0	1	2	48.41	44.48	51.29
	166	297WLEDOL	483.93	60.38	423.55	1,587	0	0.0	0	0	1	30.49	26.69	0.00
	211	GS SEC	448,605.86	52,674.51	395,931.35	2,327,949	0	6,097.0	252	0	0	19.27	17.01	0.00
	214	GS - AF	163,774.93	21,784.97	141,989.96	982,273	0	22,293.8	59	0	0	16.67	14.46	0.00
	215	GS SEC	3,378,992.45	455,760.02	2,923,232.43	20,205,138	0	81,281.6	222	0	0	16.72	14.47	0.00
	217	GS PRI	4,954.21	582.58	4,371.63	27,275	0	72.0	1	0	0	18.16	16.03	0.00
	223	GS LM ON	6,941.86	714.83	6,227.03	53,698	44,080	0.0	1	0	0	12.93	11.60	0.00
	240	LGS SEC	2,553,850.37	394,891.77	2,158,958.60	16,289,948	0	54,794.0	29	0	0	15.68	13.25	0.00
	244	LGS PRI	629,792.09	101,647.05	528,145.04	4,344,463	0	16,838.0	4	0	0	14.50	12.16	0.00
	260	PS SEC	14,093,620.09	2,044,125.39	12,049,494.70	87,787,132	0	338,407.0	138	0	0	16.05	13.73	0.00
	264	PS PRI	250,306.42	39,160.02	211,146.40	1,772,699	0	6,687.0	1	0	0	14.12	11.91	0.00
	358	IGS PRI	435,983.21	81,570.02	354,413.19	3,544,383	0	8,921.0	1	0	0	12.30	10.00	0.00
	359	IGS SUB	272,990.75	45,596.71	227,394.04	1,879,428	0	5,974.0	1	0	0	14.53	12.10	0.00
213 - Sumr	nary		22,508,885.41	3,268,821.23	19,240,064.18	140,451,240	44,080	541,365.4	708	265	790	16.03	13.70	8,970.82
216	093	OL 175 MV	6,434.26	674.91	5,759.35	27,530	0	0.0	0	22	32	23.37	20.92	0.00
	094	OL 100 HP	29,725.28	2,248.48	27,476.80	92,886	0	0.0	0	119	192	32.00	29.58	855.84
	095	OL 400 MV	5,208.28	666.76	4,541.52	26,995	0	0.0	0	8	14	19.29	16.82	0.00
	097	OL 200 HP	28,878.32	2,986.80	25,891.52	121,798	0	0.0	0	53	120	23.71	21.26	1,808.40
	098	OL 400 HP	41,529.37	5,180.22	36,349.15	210,214	0	0.0	0	15	104	19.76	17.29	2,317.56
	107	OL 200HPF	42,721.98	4,077.82	38,644.16	165,619	0	0.0	0	93	161	25.80	23.33	1,781.45
	109	OL400 HPF	194,857.28	24,044.54	170,812.74	978,101	0	0.0	0	199	485	19.92	17.46	4,999.99
	110	OL 250 MH	6,120.03	593.39	5,526.64	24,222	0	0.0	0	7	20	25.27	22.82	67.32
	111	OL100 HPP	65,388.22	2,863.16	62,525.06	124,780	0	0.0	0	33	267	52.40	50.11	249.12
	113	OL 150 HP	62,983.06	5,419.21	57,563.85	218,148	0	0.0	0	146	308	28.87	26.39	6,705.90
	116	OL 400 MH	39,654.94	4,440.54	35,214.40	182,550	0	0.0	0	22	97	21.72	19.29	1,216.06
	120	OL 250HPP	488.10	31.29	456.81	1,262	0	0.0	0	1	1	38.68	36.20	0.00

AEP Internal Page 25 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 0102:18 AM
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State: KY

State . Ki												Decembe		
												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
216	122	OL150 HPP	17,518.59	766.59	16,752.00	31,197	0	0.0	0	7	44	56.15	53.70	0.00
	131	OL 1000MH	7,118.81	1,025.33	6,093.48	41,528	0	0.0	0	7	9	17.14	14.67	67.32
	150	55W LEDOL	7,188.41	446.24	6,742.17	16,649	0	0.0	0	33	61	43.18	40.50	568.20
	165	146WLEDOL	2,235.31	109.56	2,125.75	3,826	0	0.0	0	1	5	58.42	55.56	168.30
	166	297WLEDOL	2,212.07	225.26	1,986.81	6,976	0	0.0	0	1	4	31.71	28.48	0.00
	204	GS-MTRD	12,316.52	371.28	11,945.24	11,601	0	0.0	49	0	0	106.17	102.97	0.00
	211	GS SEC	3,115,210.39	364,564.93	2,750,645.46	15,512,623	75,313	31,511.7	2,142	0	0	20.08	17.73	0.00
	213	GS-UMR	118,969.87	14,144.45	104,825.42	493,339	0	0.0	149	0	0	24.12	21.25	0.00
	214	GS - AF	61,683.16	8,523.83	53,159.33	374,482	0	7,983.4	20	0	0	16.47	14.20	0.00
	215	GS SEC	10,353,343.72	1,489,077.13	8,864,266.59	62,597,713	0	229,109.0	757	0	0	16.54	14.16	0.00
	217	GS PRI	100,733.96	11,363.63	89,370.33	455,554	0	5,535.5	4	0	0	22.11	19.62	0.00
	218	GS M SEC	33,555.95	4,543.27	29,012.68	206,174	0	685.6	1	0	0	16.28	14.07	0.00
	223	GS LM ON	2,966.77	300.27	2,666.50	15,304	9,760	0.0	2	0	0	19.39	17.42	0.00
	225	GS LM TOD	104,350.71	16,436.79	87,913.92	692,857	428,289	0.0	6	0	0	15.06	12.69	0.00
	229	GS-TOD	301,630.70	49,226.65	252,404.05	2,033,669	1,362,356	0.0	28	0	0	14.83	12.41	0.00
	240	LGS SEC	8,512,786.09	1,422,546.80	7,090,239.29	58,836,425	0	147,631.0	62	0	0	14.47	12.05	0.00
	242	LGS M SEC	825,591.49	140,070.54	685,520.95	5,787,356	0	13,676.0	6	0	0	14.27	11.85	0.00
	244	LGS PRI	567,384.40	102,698.38	464,686.02	4,132,663	0	12,732.0	4	0	0	13.73	11.24	0.00
	246	LGS M PRI	90,250.35	16,556.75	73,693.60	658,349	0	2,015.0	1	0	0	13.71	11.19	0.00
	251	LGS-LM-TD	12,434.25	1,958.67	10,475.58	71,077	90,816	0.0	1	0	0	17.49	14.74	0.00
	256	LGSSECTOD	291,129.78	55,884.19	235,245.59	2,322,561	1,415,552	4,050.0	2	0	0	12.53	10.13	0.00
	358	IGS PRI	2,644,352.97	572,987.11	2,071,365.86	23,501,511	0	47,278.0	4	0	0	11.25	8.81	0.00
	540	MW	257,293.55	43,144.65	214,148.90	1,813,803	0	2,834.4	9	0	0	14.19	11.81	0.00
216 - Sumr	nary		27,966,246.94	4,370,199.42	23,596,047.52	181,791,342	3,382,086	505,041.6	3,247	767	1,923	15.38	12.98	20,805.46
221	093	OL 175 MV	1,393.77	143.67	1,250.10	5,949	0	0.0	0	7	7	23.43	21.01	0.00
	094	OL 100 HP	8,901.43	694.36	8,207.07	28,315	0	0.0	0	30	58	31.44	28.98	134.64
	095	OL 400 MV	1,121.48	144.24	977.24	5,813	0	0.0	0	2	3	19.29	16.81	0.00
	097	OL 200 HP	7,874.97	859.36	7,015.61	34,913	0	0.0	0	9	34	22.56	20.09	179.70
	098	OL 400 HP	746.57	99.47	647.10	4,044	0	0.0	0	1	2	18.46	16.00	0.00

AEP Internal Page 26 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 01-02:18 AM
Go To TOC

State: KY December 2022

State : KY												Decembe	1 2022	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
221	107	OL 200HPF	7,772.80	742.63	7,030.17	30,784	0	0.0	0	14	31	25.25	22.84	160.59
	109	OL400 HPF	75,108.81	9,303.79	65,805.02	377,738	0	0.0	0	45	187	19.88	17.42	1,759.68
	110	OL 250 MH	1,807.81	177.63	1,630.18	7,243	0	0.0	0	1	6	24.96	22.51	0.00
	111	OL100 HPP	1,545.52	73.50	1,472.02	2,964	0	0.0	0	1	6	52.14	49.66	0.00
	113	OL 150 HP	8,930.74	769.76	8,160.98	31,833	0	0.0	0	22	45	28.05	25.64	754.06
	116	OL 400 MH	14,304.08	1,619.91	12,684.17	68,133	0	0.0	0	12	37	20.99	18.62	0.00
	131	OL 1000MH	2,841.15	381.39	2,459.76	16,642	0	0.0	0	2	4	17.07	14.78	0.00
	150	55W LEDOL	1,150.71	68.22	1,082.49	2,560	0	0.0	0	6	9	44.95	42.28	134.64
	166	297WLEDOL	286.37	39.16	247.21	961	0	0.0	0	0	0	29.80	25.72	0.00
	204	GS-MTRD	1,987.72	220.10	1,767.62	9,040	0	0.0	3	0	0	21.99	19.55	0.00
	211	GS SEC	700,541.40	79,107.54	621,433.86	3,349,698	0	3,838.0	563	0	0	20.91	18.55	0.00
	215	GS SEC	1,987,958.45	280,852.59	1,707,105.86	11,818,008	0	46,743.0	143	0	0	16.82	14.44	0.00
	217	GS PRI	125,810.84	18,423.42	107,387.42	763,442	0	2,814.5	11	0	0	16.48	14.07	0.00
	220	GSCC PRI	188,805.45	30,027.15	158,778.30	1,272,633	0	2,577.8	11	0	0	14.84	12.48	0.00
	240	LGS SEC	4,039,882.50	555,175.73	3,484,706.77	23,299,214	0	106,782.0	35	0	0	17.34	14.96	0.00
	244	LGS PRI	2,921,943.35	497,347.46	2,424,595.89	21,184,962	0	67,853.0	15	0	0	13.79	11.44	0.00
	248	LGS SUB	295,672.15	73,016.51	222,655.64	2,890,806	0	6,580.0	1	0	0	10.23	7.70	0.00
	331	CS-IRP ST	6,705,501.00	0.00	6,705,501.00	136,536,000	-10,248,000	19,200.0	1	0	0	4.91	4.91	0.00
	332	CS-IRP TR	1,703,912.29	411,864.67	1,292,047.62	17,117,313	0	47,418.0	1	0	0	9.95	7.55	0.00
	358	IGS PRI	7,887,435.84	1,756,610.06	6,130,825.78	72,409,912	0	139,544.0	10	0	0	10.89	8.47	0.00
	359	IGS SUB	8,656,543.67	1,040,382.68	7,616,160.99	45,194,067	0	204,517.0	5	0	0	19.15	16.85	0.00
	360	IGS	1,200,843.63	211,829.41	989,014.22	9,216,000	0	44,175.0	1	0	0	13.03	10.73	0.00
	370	IGS	1,260,060.19	346,458.69	913,601.50	14,839,200	0	24,292.8	1	0	0	8.49	6.16	0.00
	371	IGS	95,098,427.27	29,582,863.93	65,515,563.34	1,231,430,601	0	1,824,722.0	4	0	0	7.72	5.32	0.00
	372	IGS	17,533,004.17	5,268,379.80	12,264,624.37	218,524,207	0	341,614.0	1	0	0	8.02	5.61	0.00
221 - Sumi	mary		150,442,116.13	40,167,676.83	110,274,439.30	1,810,472,995	-10,248,000	2,882,671.1	805	152	429	8.31	6.09	3,123.31
222	097	OL 200 HP	619.89	51.45	568.44	2,587	0	0.0	0	2	3	23.96	21.97	28.66
	107	OL 200HPF	251.97	25.40	226.57	1,028	0	0.0	0	1	1	24.51	22.04	0.00
	109	OL400 HPF	3,354.72	430.41	2,924.31	17,124	0	0.0	0	5	8	19.59	17.08	48.00

AEP Internal Page 27 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 01-02:18 AM
Go To TOC

State: KY December 2022

State : KY												Decembe	1 2022	
												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
222	113	OL 150 HP	1,903.41	149.14	1,754.27	6,291	0	0.0	0	5	9	30.26	27.89	269.28
	211	GS SEC	61,840.89	7,352.54	54,488.35	324,860	0	1,149.9	24	0	0	19.04	16.77	0.00
	215	GS SEC	352,309.46	44,735.12	307,574.34	2,128,995	0	8,677.2	25	0	0	16.55	14.45	0.00
	220	GSCC PRI	32,906.44	4,826.52	28,079.92	213,561	0	606.0	2	0	0	15.41	13.15	0.00
	240	LGS SEC	1,360,739.33	206,699.64	1,154,039.69	8,693,702	0	29,845.0	7	0	0	15.65	13.27	0.00
	244	LGS PRI	360,818.59	65,232.12	295,586.47	2,936,122	0	5,892.0	1	0	0	12.29	10.07	0.00
	251	LGS-LM-TD	1,420.39	18.19	1,402.20	709	400	0.0	1	0	0	200.34	197.77	0.00
	356	IGS SEC	-77,498.12	-17,011.38	-60,486.74	-477,044	0	0.0	0	0	0	16.25	12.68	0.00
	358	IGS PRI	988,789.32	208,432.60	780,356.72	9,164,672	0	18,830.0	1	0	0	10.79	8.51	0.00
222 - Sumi	mary		3,087,456.29	520,941.75	2,566,514.54	23,012,607	400	65,000.1	62	13	21	13.42	11.15	345.94
230	094	OL 100 HP	938.24	73.36	864.88	3,055	0	0.0	0	5	6	30.71	28.31	0.00
	095	OL 400 MV	368.67	46.82	321.85	1,911	0	0.0	0	1	1	19.29	16.84	0.00
	097	OL 200 HP	4,924.68	524.30	4,400.38	21,400	0	0.0	0	3	21	23.01	20.56	192.00
	107	OL 200HPF	1,023.24	98.89	924.35	4,052	0	0.0	0	3	4	25.25	22.81	24.00
	109	OL400 HPF	12,486.32	1,523.07	10,963.25	62,281	0	0.0	0	12	31	20.05	17.60	384.60
	113	OL 150 HP	4,570.13	411.87	4,158.26	16,870	0	0.0	0	14	24	27.09	24.65	269.28
	116	OL 400 MH	793.00	92.81	700.19	3,802	0	0.0	0	1	2	20.86	18.42	0.00
	150	55W LEDOL	313.30	21.28	292.02	800	0	0.0	0	3	3	39.16	36.50	0.00
	211	GS SEC	60,762.24	6,537.98	54,224.26	292,263	0	551.3	49	0	0	20.79	18.55	0.00
	215	GS SEC	365,095.56	45,205.72	319,889.84	2,090,941	0	10,342.0	51	0	0	17.46	15.30	0.00
	217	GS PRI	2,878.81	52.29	2,826.52	2,915	0	9.0	2	0	0	98.76	96.96	0.00
	220	GSCC PRI	432,875.96	65,855.41	367,020.55	2,694,307	0	8,570.6	24	0	0	16.07	13.62	0.00
	236	GSCC SUB	77,756.18	10,196.38	67,559.80	481,465	0	1,067.1	3	0	0	16.15	14.03	0.00
	240	LGS SEC	443,239.92	45,699.77	397,540.15	2,015,738	0	15,817.0	7	0	0	21.99	19.72	0.00
	244	LGS PRI	4,534,995.29	644,889.84	3,890,105.45	26,503,297	296,400	146,819.0	25	0	0	17.11	14.68	0.00
	248	LGS SUB	267,366.02	65,794.34	201,571.68	2,748,558	0	4,797.0	1	0	0	9.73	7.33	0.00
	257	LGSPRITOD	376,501.75	60,633.20	315,868.55	2,865,510	1,744,800	7,443.0	2	0	0	13.14	11.02	0.00
	330	CS-IRP PR	4,120,457.12	669,383.56	3,451,073.56	28,111,741	0	98,167.0	5	0	0	14.66	12.28	0.00
	333	CS-IRP	4,396,340.02	1,207,766.94	3,188,573.08	50,373,415	0	127,824.0	1	0	0	8.73	6.33	0.00

AEP Internal Page 28 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 0102:18 AM
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State: KY December 2022

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
230	358	IGS PRI	10,537,415.95	1,563,158.89	8,974,257.06	66,640,222	-143,500	219,752.6	8	0	0	15.81	13.47	0.00
	359	IGS SUB	6,002,946.50	1,174,602.49	4,828,344.01	50,063,562	0	151,909.0	4	0	0	11.99	9.64	0.00
230 - Sumr	mary		31,644,048.90	5,562,569.21	26,081,479.69	234,998,105	1,897,700	793,068.6	182	42	92	13.47	11.10	869.88
400	093	OL 175 MV	411.33	43.71	367.62	1,763	0	0.0	0	1	2	23.33	20.85	0.00
	094	OL 100 HP	606.76	48.55	558.21	1,966	0	0.0	0	2	4	30.86	28.39	0.00
	107	OL 200HPF	251.09	25.18	225.91	1,023	0	0.0	0	1	1	24.54	22.08	0.00
	109	OL400 HPF	9,199.12	1,138.10	8,061.02	46,382	0	0.0	0	7	23	19.83	17.38	201.96
	111	OL100 HPP	23,430.83	1,098.18	22,332.65	44,843	0	0.0	0	19	92	52.25	49.80	0.00
	113	OL 150 HP	879.07	70.45	808.62	2,857	0	0.0	0	2	4	30.77	28.30	134.64
	122	OL150 HPP	3,190.79	139.51	3,051.28	5,685	0	0.0	0	2	8	56.13	53.67	0.00
	131	OL 1000MH	778.37	113.01	665.36	4,593	0	0.0	0	1	1	16.95	14.49	0.00
	204	GS-MTRD	1,607.98	0.15	1,607.83	10	0	0.0	8	0	0	16,079.80	16,078.30	0.00
	211	GS SEC	145,299.36	9,697.91	135,601.45	380,861	0	161.2	240	0	0	38.15	35.60	0.00
	213	GS-UMR	235.16	1.44	233.72	60	0	0.0	1	0	0	391.93	389.53	0.00
	215	GS SEC	78,003.43	10,807.74	67,195.69	459,569	0	1,932.7	6	0	0	16.97	14.62	0.00
	528	SL	1,929,368.15	203,911.29	1,725,456.86	8,438,523	0	0.0	54	0	0	22.86	20.45	0.00
400 - Sumr	mary		2,193,261.44	227,095.22	1,966,166.22	9,388,135	0	2,093.9	309	35	135	23.36	20.94	336.60
KY - Summ	nary		702,685,902.26	124,934,507.27	577,751,394.99	5,391,297,797	-25,020,938	7,457,573.5	164,184	46,132	54,895	13.03	10.72	297,136.29

AEP Internal Page 29 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

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KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01:02:186 AM of 64

Go To TOC

December 2022

												Realizat	tion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 30 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL Standard Service Offer

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01:02.186AM of 64

Go To TOC

December 2022

												Realizat	tion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 31 of 64



TARIFF SUMMARY REVENUE - ALL REVENUE CLASSES 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01:02:186 AM of 64
Go To TOC

December 2022

												Realizat	tion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 32 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED AND ACCRUED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachmen 2
Prepared: 01/08/2023 01:02-186 AM of 64

Go To TOC

December 2022

												Realizat	tion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 33 of 64



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 0192:18 AM of 64
Go To TOC

December 2022

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Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
011	RSW-LMWH	335,288.03	50,293.60	284,994.43	2,204,263	0	0.0	127	0	0	15.21	12.93	0.00
012	RSW-A	30,290.97	4,635.15	25,655.82	203,375	0	0.0	10	0	0	14.89	12.62	0.00
013	RSW-B	2,773.28	438.26	2,335.02	18,451	0	0.0	1	0	0	15.03	12.66	0.00
014	RSW-C	32,825.57	4,911.48	27,914.09	221,399	0	0.0	15	0	0	14.83	12.61	0.00
015	RS	143,726,682.22	20,616,399.45	123,110,282.77	887,404,779	75,327	9,693.8	65,297	0	0	16.20	13.87	0.00
017	RS EMP	833,540.09	121,964.15	711,575.94	5,328,755	0	0.0	294	0	0	15.64	13.35	0.00
022	RSW-RS	163,866,069.07	23,524,923.75	140,341,145.32	1,035,687,458	57,326	18,903.3	66,719	0	0	15.82	13.55	0.00
028	AORH-W ON	18,646.91	2,774.85	15,872.06	123,763	74,519	0.0	6	0	0	15.07	12.82	0.00
030	RSW-ONPK	202,424.86	29,670.69	172,754.17	1,333,449	816,621	0.0	65	0	0	15.18	12.96	0.00
032	RS LM-ON	223,410.01	33,197.50	190,212.51	1,456,670	901,440	0.0	76	0	0	15.34	13.06	0.00
034	AORH-ON	1,976.87	308.16	1,668.71	13,646	8,338	0.0	2	0	0	14.49	12.23	0.00
036	RS-TOD-ON	14,187.74	2,128.34	12,059.40	92,624	57,012	0.0	4	0	0	15.32	13.02	0.00
093	OL 175 MV	106,378.38	11,317.88	95,060.50	461,792	0	0.0	0	519	547	23.04	20.59	63.52
094	OL 100 HP	2,686,203.08	210,594.32	2,475,608.76	8,770,111	0	0.0	0	17,079	18,389	30.63	28.23	51,389.48
095	OL 400 MV	26,596.60	3,354.24	23,242.36	137,890	0	0.0	0	53	73	19.29	16.86	0.00
097	OL 200 HP	359,932.79	38,942.89	320,989.90	1,606,373	0	0.0	0	1,224	1,600	22.41	19.98	9,737.54
098	OL 400 HP	97,454.16	12,278.47	85,175.69	505,074	0	0.0	0	110	255	19.30	16.86	3,769.74
099	OL175 MVP	1,130.23	105.44	1,024.79	4,320	0	0.0	0	3	5	26.16	23.72	0.00
103	OL 250 HP	922.88	90.43	832.45	3,708	0	0.0	0	2	3	24.89	22.45	0.00
107	OL 200HPF	424,276.26	40,979.18	383,297.08	1,686,409	0	0.0	0	1,188	1,681	25.16	22.73	11,820.59
109	OL400 HPF	1,565,368.45	192,370.03	1,372,998.42	7,904,710	0	0.0	0	1,680	3,978	19.80	17.37	35,402.82
110	OL 250 MH	54,563.84	5,125.65	49,438.19	209,399	0	0.0	0	93	176	26.06	23.61	2,111.44
111	OL100 HPP	189,692.18	8,658.28	181,033.90	362,674	0	0.0	0	209	758	52.30	49.92	1,536.45
113	OL 150 HP	3,281,895.29	304,191.96	2,977,703.33	12,730,831	0	0.0	0	16,481	18,442	25.78	23.39	133,107.31
116	OL 400 MH	373,697.42	42,681.03	331,016.39	1,733,458	0	0.0	0	292	929	21.56	19.10	9,736.23
120	OL 250HPP	947.59	60.32	887.27	2,475	0	0.0	0	2	2	38.29	35.85	0.00
122	OL150 HPP	26,827.85	1,166.73	25,661.12	47,872	0	0.0	0	16	68	56.04	53.60	0.00

AEP Internal Page 34 of 64



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 0192:18 AM Go To TOC

December 2022

											Popli	zation	
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Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
126	OL 400HPP	1,919.63	146.35	1,773.28	6,000	0	0.0	0	2	3	31.99	29.55	0.00
130	OL 250MON	2,068.88	194.27	1,874.61	6,889	0	0.0	0	6	6	30.03	27.21	23.37
131	OL 1000MH	83,844.56	11,717.45	72,127.11	487,104	0	0.0	0	50	109	17.21	14.81	972.26
136	OL 400MON	5,383.20	522.14	4,861.06	21,208	0	0.0	0	4	11	25.38	22.92	67.32
150	55W LEDOL	833,865.92	53,734.14	780,131.78	2,043,729	0	0.0	0	7,097	7,810	40.80	38.17	37,111.97
152	175WLEDOL	99.40	13.35	86.05	416	0	0.0	0	0	0	23.89	20.69	0.00
160	64W LEDOL	1,407.04	44.11	1,362.93	1,617	0	0.0	0	5	5	87.02	84.29	0.00
165	146WLEDOL	10,350.51	624.58	9,725.93	19,406	0	0.0	0	12	28	53.34	50.12	248.47
166	297WLEDOL	8,080.23	847.72	7,232.51	25,313	0	0.0	0	5	17	31.92	28.57	37.78
204	GS-MTRD	215,431.03	22,487.49	192,943.54	925,487	0	0.0	368	0	0	23.28	20.85	0.00
211	GS SEC	29,551,475.35	3,324,167.33	26,227,308.02	142,048,369	150,362	234,907.7	22,614	0	0	20.80	18.46	0.00
212	GS-SEC M	846.93	79.22	767.71	3,250	0	0.0	1	0	0	26.06	23.62	0.00
213	GS-UMR	532,155.41	55,613.65	476,541.76	2,243,935	0	0.0	583	0	0	23.72	21.24	0.00
214	GS - AF	231,209.02	30,858.07	200,350.95	1,382,670	0	32,616.6	84	0	0	16.72	14.49	0.00
215	GS SEC	74,791,719.62	10,587,364.83	64,204,354.79	447,462,414	0	1,792,927.7	6,419	0	0	16.71	14.35	0.00
217	GS PRI	570,102.49	79,239.85	490,862.64	3,420,760	0	15,721.3	33	0	0	16.67	14.35	0.00
218	GS M SEC	34,263.75	4,699.47	29,564.28	211,280	0	685.6	1	0	0	16.22	13.99	0.00
220	GSCC PRI	790,264.20	121,701.68	668,562.52	5,142,740	0	14,292.4	41	0	0	15.37	13.00	0.00
223	GS LM ON	146,755.86	19,598.70	127,157.16	907,121	556,174	0.0	38	0	0	16.18	14.02	0.00
225	GS LM TOD	145,319.10	21,085.95	124,233.15	898,874	540,211	0.0	31	0	0	16.17	13.82	0.00
227	EXP GSTOD	1,557,299.50	195,551.09	1,361,748.41	8,190,418	6,775,512	0.0	498	0	0	19.01	16.63	0.00
229	GS-TOD	1,314,635.67	202,354.28	1,112,281.39	8,492,440	5,168,228	5,789.2	138	0	0	15.48	13.10	0.00
236	GSCC SUB	78,061.16	10,252.56	67,808.60	483,350	0	1,067.1	3	0	0	16.15	14.03	0.00
240	LGS SEC	43,058,959.65	6,961,381.02	36,097,578.63	291,060,168	0	809,195.0	352	0	0	14.79	12.40	0.00
242	LGS M SEC	1,008,074.92	169,380.61	838,694.31	7,068,880	0	16,942.0	7	0	0	14.26	11.86	0.00
244	LGS PRI	11,867,999.39	1,939,997.07	9,928,002.32	81,642,650	296,400	305,447.0	65	0	0	14.54	12.16	0.00
246	LGS M PRI	90,943.02	16,700.98	74,242.04	662,940	0	2,015.0	1	0	0	13.72	11.20	0.00

AEP Internal Page 35 of 64



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01-2318 30 of 64
Go To TOC

December 2022

											Decembe		
											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
248	LGS SUB	1,463,760.79	343,626.72	1,120,134.07	14,234,375	0	33,807.0	7	0	0	10.28	7.87	0.00
251	LGS-LM-TD	271,353.10	49,751.66	221,601.44	1,777,436	1,029,724	0.0	7	0	0	15.27	12.47	0.00
256	LGSSECTOD	632,765.80	119,153.14	513,612.66	4,960,528	2,947,568	9,061.0	4	0	0	12.76	10.35	0.00
257	LGSPRITOD	376,501.75	60,633.20	315,868.55	2,865,510	1,744,800	7,443.0	2	0	0	13.14	11.02	0.00
260	PS SEC	14,037,375.76	2,027,150.32	12,010,225.44	87,508,342	0	338,407.0	138	0	0	16.04	13.72	0.00
264	PS PRI	248,086.32	38,437.93	209,648.39	1,758,000	0	6,687.0	1	0	0	14.11	11.93	0.00
330	CS-IRP PR	4,120,905.91	668,868.71	3,452,037.20	28,108,101	0	98,167.0	5	0	0	14.66	12.28	0.00
331	CS-IRP ST	6,705,501.00	0.00	6,705,501.00	136,536,000	-10,248,000	19,200.0	1	0	0	4.91	4.91	0.00
332	CS-IRP TR	1,700,944.12	410,859.12	1,290,085.00	17,094,000	0	47,418.0	1	0	0	9.95	7.55	0.00
333	CS-IRP	4,381,285.97	1,200,957.18	3,180,328.79	50,208,000	0	127,824.0	1	0	0	8.73	6.33	0.00
356	IGS SEC	1,845,120.58	371,002.87	1,474,117.71	15,585,840	0	31,286.0	4	0	0	11.84	9.46	0.00
358	IGS PRI	31,468,366.80	6,280,091.96	25,188,274.84	263,730,410	-143,500	593,017.6	33	0	0	11.93	9.55	0.00
359	IGS SUB	28,450,362.88	7,227,852.79	21,222,510.09	277,580,735	-35,829,000	647,414.0	16	0	0	10.25	7.65	0.00
360	IGS	1,200,843.63	211,829.41	989,014.22	9,216,000	0	44,175.0	1	0	0	13.03	10.73	0.00
370	IGS	1,260,060.19	346,458.69	913,601.50	14,839,200	0	24,292.8	1	0	0	8.49	6.16	0.00
371	IGS	95,066,351.25	29,569,176.73	65,497,174.52	1,231,098,000	0	1,824,722.0	4	0	0	7.72	5.32	0.00
372	IGS	17,181,240.44	5,155,175.37	12,026,065.07	216,024,000	0	341,614.0	1	0	0	7.95	5.57	0.00
528	SL	1,928,885.79	203,812.12	1,725,073.67	8,436,096	0	0.0	54	0	0	22.86	20.45	0.00
540	MW	255,677.76	42,634.48	213,043.28	1,805,276	0	2,834.4	9	0	0	14.16	11.80	0.00
Grand T	otal - Summary	698,011,927.90	123,421,392.59	574,590,535.31	5,358,481,005	-25,020,938	7,457,573.5	164,184	46,132	54,895	13.03	10.72	297,136.29

AEP Internal Page 36 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
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Item No. 102
Prepared: 01/08/2023 01:02:18 AM
Go To TOC

December 2022

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
010	011	RSW-LMWH	95,252.34	14,103.64	81,148.70	612,112	0	0.0	46	0	0	15.56	13.26	0.00
	014	RSW-C	22,949.71	3,508.09	19,441.62	151,522	0	0.0	12	0	0	15.15	12.83	0.00
	015	RS	70,846,247.34	10,073,021.91	60,773,225.43	425,201,196	4,865	5,314.4	36,873	0	0	16.66	14.29	0.00
	022	RSW-RS	24,954,991.53	3,555,362.93	21,399,628.60	153,099,157	0	712.7	11,959	0	0	16.30	13.98	0.00
	036	RS-TOD-ON	1,425.20	142.41	1,282.79	5,879	3,456	0.0	2	0	0	24.24	21.82	0.00
	093	OL 175 MV	51,381.98	5,578.01	45,803.97	223,401	0	0.0	0	270	268	23.00	20.50	63.52
	094	OL 100 HP	1,018,886.99	80,277.85	938,609.14	3,350,202	0	0.0	0	6,647	7,021	30.41	28.02	15,657.87
	095	OL 400 MV	2,151.75	277.25	1,874.50	11,376	0	0.0	0	4	6	18.91	16.48	0.00
	097	OL 200 HP	68,427.38	7,577.63	60,849.75	313,820	0	0.0	0	293	314	21.80	19.39	1,032.63
	098	OL 400 HP	4,027.31	521.50	3,505.81	21,904	0	0.0	0	11	11	18.39	16.01	67.32
	107	OL 200HPF	57,518.80	5,758.46	51,760.34	236,512	0	0.0	0	195	236	24.32	21.88	971.29
	109	OL400 HPF	65,184.63	8,258.56	56,926.07	339,311	0	0.0	0	110	171	19.21	16.78	760.07
	110	OL 250 MH	4,604.44	458.47	4,145.97	18,984	0	0.0	0	15	16	24.25	21.84	0.00
	111	OL100 HPP	6,046.11	288.59	5,757.52	11,920	0	0.0	0	14	25	50.72	48.30	50.12
	113	OL 150 HP	887,567.73	82,898.32	804,669.41	3,478,391	0	0.0	0	4,640	5,044	25.52	23.13	32,047.38
	116	OL 400 MH	5,700.93	651.54	5,049.39	27,374	0	0.0	0	12	15	20.83	18.45	67.32
	122	OL150 HPP	758.71	34.31	724.40	1,408	0	0.0	0	2	2	53.89	51.45	0.00
	130	OL 250MON	660.56	59.74	600.82	2,148	0	0.0	0	2	2	30.75	27.97	23.37
	131	OL 1000MH	3,028.99	442.54	2,586.45	18,160	0	0.0	0	3	4	16.68	14.24	0.00
	136	OL 400MON	567.05	63.93	503.12	2,352	0	0.0	0	1	1	24.11	21.39	0.00
	150	55W LEDOL	252,170.19	16,457.79	235,712.40	626,089	0	0.0	0	2,237	2,392	40.28	37.65	8,924.42
	152	175WLEDOL	99.40	13.35	86.05	416	0	0.0	0	0	0	23.89	20.69	0.00
	160	64W LEDOL	339.11	11.00	328.11	407	0	0.0	0	1	1	83.32	80.62	0.00
	165	146WLEDOL	580.27	35.32	544.95	1,106	0	0.0	0	1	2	52.47	49.27	0.00
	166	297WLEDOL	88.57	12.47	76.10	302	0	0.0	0	0	0	29.33	25.20	0.00
Total 010			98,350,657.02	13,855,815.61	84,494,841.41	587,755,449	8,321	6,027.1	48,892	14,459	15,531	16.73	14.38	59,665.31
020	011	RSW-LMWH	240,035.69	36,189.96	203,845.73	1,592,151	0	0.0	81	0	0	15.08	12.80	0.00
	012	RSW-A	30,290.97	4,635.15	25,655.82	203,375	0	0.0	10	0	0	14.89	12.62	0.00
	013	RSW-B	2,773.28	438.26	2,335.02	18,451	0	0.0	1	0	0	15.03	12.66	0.00

AEP Internal Page 37 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

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Go To TOC

December 2022

												Realiz	ation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
020	014	RSW-C	9,875.86	1,403.39	8,472.47	69,877	0	0.0	2	0	0	14.13	12.12	0.00
	015	RS	72,878,923.21	10,543,165.68	62,335,757.53	462,194,857	70,462	4,379.4	28,422	0	0	15.77	13.49	0.00
	017	RS EMP	833,540.09	121,964.15	711,575.94	5,328,755	0	0.0	294	0	0	15.64	13.35	0.00
	022	RSW-RS	138,911,077.54	19,969,560.82	118,941,516.72	882,588,301	57,326	18,190.6	54,760	0	0	15.74	13.48	0.00
	028	AORH-W ON	18,646.91	2,774.85	15,872.06	123,763	74,519	0.0	6	0	0	15.07	12.82	0.00
	030	RSW-ONPK	202,424.86	29,670.69	172,754.17	1,333,449	816,621	0.0	65	0	0	15.18	12.96	0.00
	032	RS LM-ON	223,410.01	33,197.50	190,212.51	1,456,670	901,440	0.0	76	0	0	15.34	13.06	0.00
	034	AORH-ON	1,976.87	308.16	1,668.71	13,646	8,338	0.0	2	0	0	14.49	12.23	0.00
	036	RS-TOD-ON	12,762.54	1,985.93	10,776.61	86,745	53,556	0.0	2	0	0	14.71	12.42	0.00
	093	OL 175 MV	27,190.78	2,866.92	24,323.86	119,531	0	0.0	0	137	141	22.75	20.35	0.00
	094	OL 100 HP	1,406,951.25	110,595.60	1,296,355.65	4,599,402	0	0.0	0	9,095	9,659	30.59	28.19	30,183.29
	095	OL 400 MV	1,076.48	138.72	937.76	5,688	0	0.0	0	3	3	18.93	16.49	0.00
	097	OL 200 HP	110,724.24	12,275.11	98,449.13	507,599	0	0.0	0	471	507	21.81	19.40	1,720.75
	098	OL 400 HP	9,536.25	1,231.55	8,304.70	51,715	0	0.0	0	25	27	18.44	16.06	177.96
	107	OL 200HPF	83,389.89	8,190.16	75,199.73	337,867	0	0.0	0	299	338	24.68	22.26	2,385.69
	109	OL400 HPF	83,445.98	10,748.24	72,697.74	445,725	0	0.0	0	186	225	18.72	16.31	1,394.59
	110	OL 250 MH	6,325.85	629.59	5,696.26	25,600	0	0.0	0	20	22	24.71	22.25	57.91
	111	OL100 HPP	29,931.82	1,427.73	28,504.09	58,481	0	0.0	0	98	122	51.18	48.74	514.40
	113	OL 150 HP	1,874,778.37	175,755.16	1,699,023.21	7,360,142	0	0.0	0	9,880	10,683	25.47	23.08	65,382.27
	116	OL 400 MH	7,539.95	904.08	6,635.87	36,831	0	0.0	0	15	19	20.47	18.02	43.32
	120	OL 250HPP	467.62	30.16	437.46	1,239	0	0.0	0	1	1	37.74	35.31	0.00
	122	OL150 HPP	1,517.71	68.66	1,449.05	2,816	0	0.0	0	4	4	53.90	51.46	0.00
	126	OL 400HPP	625.49	48.81	576.68	2,000	0	0.0	0	1	1	31.27	28.83	0.00
	130	OL 250MON	1,032.74	105.14	927.60	3,537	0	0.0	0	3	3	29.20	26.23	0.00
	131	OL 1000MH	3,030.33	442.77	2,587.56	18,160	0	0.0	0	1	4	16.69	14.25	0.00
	136	OL 400MON	438.21	42.06	396.15	1,792	0	0.0	0	1	1	24.45	22.11	0.00
	150	55W LEDOL	486,660.51	31,386.25	455,274.26	1,194,167	0	0.0	0	4,225	4,560	40.75	38.12	22,052.05
	160	64W LEDOL	887.28	27.07	860.21	1,015	0	0.0	0	3	3	87.42	84.75	0.00
	165	146WLEDOL	505.76	39.70	466.06	1,095	0	0.0	0	1	2	46.19	42.56	0.00

AEP Internal Page 38 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 01-02:18 AM
Go To TOC

December 2022

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
)20	211	GS SEC	6,102.26	897.92	5,204.34	30,668	0	0.0	4	0	0	19.90	16.97	0.00
otal 020			217,507,896.60	31,103,145.94	186,404,750.66	1,369,815,110	1,982,262	22,570.0	83,727	24,470	26,326	15.88	13.61	123,912.23
11	093	OL 175 MV	16,025.08	1,655.85	14,369.23	68,502	0	0.0	0	65	80	23.39	20.98	0.00
	094	OL 100 HP	174,350.24	13,188.99	161,161.25	549,160	0	0.0	0	947	1,146	31.75	29.35	3,756.54
	095	OL 400 MV	10,578.02	1,327.18	9,250.84	54,693	0	0.0	0	24	29	19.34	16.91	0.00
	097	OL 200 HP	100,731.61	10,711.92	90,019.69	440,420	0	0.0	0	274	437	22.87	20.44	3,342.36
	098	OL 400 HP	25,605.82	3,275.98	22,329.84	134,382	0	0.0	0	39	68	19.05	16.62	629.70
	099	OL175 MVP	904.12	84.34	819.78	3,456	0	0.0	0	2	4	26.16	23.72	0.00
	103	OL 250 HP	922.88	90.43	832.45	3,708	0	0.0	0	2	3	24.89	22.45	0.00
	107	OL 200HPF	148,857.24	14,206.31	134,650.93	585,498	0	0.0	0	381	581	25.42	23.00	4,170.65
	109	OL400 HPF	684,856.50	84,270.32	600,586.18	3,455,326	0	0.0	0	736	1,741	19.82	17.38	13,736.27
	110	OL 250 MH	20,490.43	1,906.18	18,584.25	77,691	0	0.0	0	38	66	26.37	23.92	885.09
	111	OL100 HPP	49,180.47	2,260.34	46,920.13	92,897	0	0.0	0	33	193	52.94	50.51	498.24
	113	OL 150 HP	332,936.74	29,510.76	303,425.98	1,231,640	0	0.0	0	1,386	1,769	27.03	24.64	18,752.72
	116	OL 400 MH	198,725.99	22,895.54	175,830.45	919,969	0	0.0	0	148	497	21.60	19.11	5,304.54
	122	OL150 HPP	3,959.74	171.54	3,788.20	7,040	0	0.0	0	1	10	56.25	53.81	0.00
	126	OL 400HPP	1,294.14	97.54	1,196.60	4,000	0	0.0	0	1	2	32.35	29.92	0.00
	130	OL 250MON	375.58	29.39	346.19	1,204	0	0.0	0	1	1	31.19	28.75	0.00
	131	OL 1000MH	42,259.01	5,799.47	36,459.54	243,496	0	0.0	0	26	54	17.36	14.97	702.98
	136	OL 400MON	4,377.94	416.15	3,961.79	17,064	0	0.0	0	2	9	25.66	23.22	67.32
	150	55W LEDOL	68,447.06	4,308.13	64,138.93	163,084	0	0.0	0	475	625	41.97	39.33	3,766.67
	165	146WLEDOL	4,752.38	291.41	4,460.97	9,060	0	0.0	0	6	13	52.45	49.24	0.00
	166	297WLEDOL	4,950.42	508.41	4,442.01	15,351	0	0.0	0	3	11	32.25	28.94	37.78
	204	GS-MTRD	199,418.21	21,899.91	177,518.30	904,925	0	0.0	308	0	0	22.04	19.62	0.00
	211	GS SEC	20,576,923.09	2,261,434.89	18,315,488.20	96,112,786	60,008	131,267.5	16,984	0	0	21.41	19.06	0.00
	212	GS-SEC M	846.93	79.22	767.71	3,250	0	0.0	1	0	0	26.06	23.62	0.00
	213	GS-UMR	413,373.11	41,609.64	371,763.47	1,751,775	0	0.0	432	0	0	23.60	21.22	0.00
	214	GS - AF	6,621.30	802.72	5,818.58	30,573	0	2,339.4	6	0	0	21.66	19.03	0.00
	215	GS SEC	35,429,572.05	5,117,414.34	30,312,157.71	212,801,349	0	827,654.1	3,099	0	0	16.65	14.24	0.00

AEP Internal Page 39 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 0102:18 AM
Go To TOC

December 2022

												Realiz	ation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
211	217	GS PRI	187,450.59	25,718.12	161,732.47	1,194,600	0	4,270.6	10	0	0	15.69	13.54	0.00
	220	GSCC PRI	60,492.52	8,960.54	51,531.98	374,400	0	1,398.0	4	0	0	16.16	13.76	0.00
	223	GS LM ON	9,720.77	1,284.69	8,436.08	53,081	28,709	0.0	4	0	0	18.31	15.89	0.00
	225	GS LM TOD	2,854.37	325.81	2,528.56	14,058	8,093	0.0	2	0	0	20.30	17.99	0.00
	227	EXP GSTOD	1,028,342.16	127,684.74	900,657.42	5,332,235	4,403,341	0.0	361	0	0	19.29	16.89	0.00
	229	GS-TOD	626,798.48	95,985.95	530,812.53	3,982,268	2,290,032	5,789.2	56	0	0	15.74	13.33	0.00
	240	LGS SEC	12,031,651.51	2,029,951.91	10,001,699.60	83,942,636	0	202,687.0	99	0	0	14.33	11.91	0.00
	244	LGS PRI	2,030,004.91	381,027.85	1,648,977.06	15,991,250	0	37,441.0	10	0	0	12.69	10.31	0.00
	248	LGS SUB	643,619.96	142,560.27	501,059.69	6,033,750	0	16,619.0	4	0	0	10.67	8.30	0.00
	251	LGS-LM-TD	97,068.72	20,299.38	76,769.34	636,288	377,088	0.0	1	0	0	15.26	12.07	0.00
	256	LGSSECTOD	341,444.80	63,413.51	278,031.29	2,638,608	1,532,016	5,011.0	2	0	0	12.94	10.54	0.00
	356	IGS SEC	1,845,120.58	371,002.87	1,474,117.71	15,585,840	0	31,286.0	4	0	0	11.84	9.46	0.00
	358	IGS PRI	8,094,827.90	1,928,393.21	6,166,434.69	80,362,800	0	140,482.0	7	0	0	10.07	7.67	0.00
	359	IGS SUB	13,473,616.34	4,977,079.14	8,496,537.20	180,655,650	-35,829,000	285,014.0	6	0	0	7.46	4.70	0.00
Total 211			98,994,349.71	17,813,934.89	81,180,414.82	716,479,763	-27,129,713	1,691,258.8	21,400	4,590	7,339	13.82	11.33	55,650.86
212	015	RS	1,511.67	211.86	1,299.81	8,726	0	0.0	1	0	0	17.32	14.90	0.00
	093	OL 175 MV	2,495.92	257.53	2,238.39	10,691	0	0.0	0	12	12	23.35	20.94	0.00
	094	OL 100 HP	39,248.02	2,976.20	36,271.82	123,907	0	0.0	0	208	258	31.68	29.27	801.30
	095	OL 400 MV	4,730.09	593.72	4,136.37	24,421	0	0.0	0	8	13	19.37	16.94	0.00
	097	OL 200 HP	31,339.65	3,315.66	28,023.99	136,099	0	0.0	0	100	135	23.03	20.59	1,187.76
	098	OL 400 HP	12,249.04	1,560.71	10,688.33	63,958	0	0.0	0	15	32	19.15	16.71	360.60
	099	OL175 MVP	226.11	21.10	205.01	864	0	0.0	0	1	1	26.17	23.73	0.00
	107	OL 200HPF	60,071.98	5,760.31	54,311.67	235,722	0	0.0	0	156	238	25.48	23.04	1,764.36
	109	OL400 HPF	272,673.26	33,233.50	239,439.76	1,367,891	0	0.0	0	287	689	19.93	17.50	6,729.99
	110	OL 250 MH	13,973.42	1,250.69	12,722.73	51,019	0	0.0	0	10	42	27.39	24.94	1,033.80
	111	OL100 HPP	6,168.35	267.43	5,900.92	11,308	0	0.0	0	6	24	54.55	52.18	224.57
	113	OL 150 HP	96,544.27	8,412.70	88,131.57	348,990	0	0.0	0	358	500	27.66	25.25	7,271.25
	116	OL 400 MH	74,707.63	8,418.42	66,289.21	344,198	0	0.0	0	63	183	21.70	19.26	2,369.15
	131	OL 1000MH	24,051.49	3,433.21	20,618.28	140,698	0	0.0	0	9	31	17.09	14.65	134.64

AEP Internal Page 40 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 0102:18 AM
GO TO TOC

December 2022

												Realiz	ation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
212	150	55W LEDOL	16,571.49	976.90	15,594.59	37,396	0	0.0	0	105	145	44.31	41.70	1,549.58
	160	64W LEDOL	180.65	6.04	174.61	195	0	0.0	0	1	1	92.64	89.54	0.00
	165	146WLEDOL	1,560.91	89.33	1,471.58	2,887	0	0.0	0	1	4	54.07	50.97	28.88
	166	297WLEDOL	186.58	18.66	167.92	583	0	0.0	0	0	0	32.00	28.80	0.00
	211	GS SEC	4,472,224.46	550,356.12	3,921,868.34	23,900,728	15,041	60,331.1	2,357	0	0	18.71	16.41	0.00
	215	GS SEC	22,922,568.75	3,166,283.91	19,756,284.84	135,762,368	0	587,188.1	2,116	0	0	16.88	14.55	0.00
	217	GS PRI	150,694.99	23,791.84	126,903.15	993,480	0	3,019.7	6	0	0	15.17	12.77	0.00
	220	GSCC PRI	87,098.86	14,084.75	73,014.11	633,600	0	1,140.0	1	0	0	13.75	11.52	0.00
	223	GS LM ON	126,314.21	17,113.02	109,201.19	779,792	473,625	0.0	31	0	0	16.20	14.00	0.00
	225	GS LM TOD	38,786.98	4,517.82	34,269.16	196,091	103,829	0.0	23	0	0	19.78	17.48	0.00
	227	EXP GSTOD	528,957.34	67,866.35	461,090.99	2,858,183	2,372,171	0.0	138	0	0	18.51	16.13	0.00
	229	GS-TOD	386,369.30	57,289.73	329,079.57	2,477,733	1,515,840	0.0	54	0	0	15.59	13.28	0.00
	240	LGS SEC	14,275,682.89	2,346,975.26	11,928,707.63	98,858,212	0	251,639.0	112	0	0	14.44	12.07	0.00
	242	LGS M SEC	188,215.21	31,006.42	157,208.79	1,316,800	0	3,266.0	1	0	0	14.29	11.94	0.00
	244	LGS PRI	871,241.72	156,397.42	714,844.30	6,679,800	0	17,872.0	5	0	0	13.04	10.70	0.00
	248	LGS SUB	259,945.80	63,530.54	196,415.26	2,585,625	0	5,811.0	1	0	0	10.05	7.60	0.00
	251	LGS-LM-TD	145,830.09	24,100.01	121,730.08	974,660	561,420	0.0	4	0	0	14.96	12.49	0.00
	358	IGS PRI	1,053,071.50	235,222.94	817,848.56	9,618,960	0	18,210.0	2	0	0	10.95	8.50	0.00
Total 212			46,165,492.63	6,829,340.10	39,336,152.53	290,545,585	5,041,926	948,476.9	4,852	1,340	2,309	15.89	13.54	23,455.88
213	093	OL 175 MV	1,110.75	112.56	998.19	4,751	0	0.0	0	6	6	23.38	21.01	0.00
	094	OL 100 HP	6,799.80	531.63	6,268.17	21,998	0	0.0	0	26	45	30.91	28.49	0.00
	095	OL 400 MV	1,465.19	184.90	1,280.29	7,584	0	0.0	0	3	4	19.32	16.88	0.00
	097	OL 200 HP	6,739.17	715.74	6,023.43	29,348	0	0.0	0	19	29	22.96	20.52	245.28
	098	OL 400 HP	4,169.60	516.92	3,652.68	21,102	0	0.0	0	4	11	19.76	17.31	216.60
	107	OL 200HPF	23,045.20	2,212.95	20,832.25	91,112	0	0.0	0	45	90	25.29	22.86	562.56
	109	OL400 HPF	166,999.06	20,126.29	146,872.77	830,608	0	0.0	0	94	418	20.11	17.68	5,387.67
	110	OL 250 MH	1,275.96	117.52	1,158.44	4,801	0	0.0	0	3	4	26.58	24.13	67.32
	111	OL100 HPP	7,345.91	341.91	7,004.00	14,036	0	0.0	0	4	29	52.34	49.90	0.00
	113	OL 150 HP	11,618.29	940.96	10,677.33	39,002	0	0.0	0	28	55	29.79	27.38	1,520.53

AEP Internal Page 41 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
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Prepared: 01/08/2023 0102:18 AM
Go To TOC

December 2022

												Realiz	ation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
213	116	OL 400 MH	32,055.04	3,642.88	28,412.16	149,347	0	0.0	0	19	79	21.46	19.02	735.84
	131	OL 1000MH	848.33	110.54	737.79	4,540	0	0.0	0	1	1	18.69	16.25	67.32
	150	55W LEDOL	1,712.68	108.45	1,604.23	4,012	0	0.0	0	12	16	42.69	39.99	116.41
	165	146WLEDOL	852.78	70.04	782.74	1,722	0	0.0	0	1	2	49.52	45.46	51.29
	166	297WLEDOL	461.67	57.48	404.19	1,509	0	0.0	0	0	1	30.59	26.79	0.00
	211	GS SEC	445,826.92	52,036.46	393,790.46	2,315,608	0	6,097.0	252	0	0	19.25	17.01	0.00
	214	GS - AF	163,419.93	21,664.45	141,755.48	980,907	0	22,293.8	59	0	0	16.66	14.45	0.00
	215	GS SEC	3,395,452.73	457,864.28	2,937,588.45	20,311,202	0	81,281.6	222	0	0	16.72	14.46	0.00
	217	GS PRI	4,990.07	591.79	4,398.28	27,540	0	72.0	1	0	0	18.12	15.97	0.00
	223	GS LM ON	7,589.89	865.39	6,724.50	57,920	44,080	0.0	1	0	0	13.10	11.61	0.00
	240	LGS SEC	2,522,409.77	386,947.35	2,135,462.42	16,103,704	0	54,794.0	29	0	0	15.66	13.26	0.00
	244	LGS PRI	629,625.76	101,785.22	527,840.54	4,358,680	0	16,838.0	4	0	0	14.45	12.11	0.00
	260	PS SEC	14,037,375.76	2,027,150.32	12,010,225.44	87,508,342	0	338,407.0	138	0	0	16.04	13.72	0.00
	264	PS PRI	248,086.32	38,437.93	209,648.39	1,758,000	0	6,687.0	1	0	0	14.11	11.93	0.00
	358	IGS PRI	433,210.48	80,340.83	352,869.65	3,516,600	0	8,921.0	1	0	0	12.32	10.03	0.00
	359	IGS SUB	269,719.67	44,941.17	224,778.50	1,865,500	0	5,974.0	1	0	0	14.46	12.05	0.00
Total 213			22,424,206.73	3,242,415.96	19,181,790.77	140,029,475	44,080	541,365.4	708	265	790	16.01	13.70	8,970.82
216	093	OL 175 MV	6,380.20	662.29	5,717.91	27,261	0	0.0	0	22	32	23.40	20.97	0.00
	094	OL 100 HP	29,614.59	2,224.27	27,390.32	92,467	0	0.0	0	119	192	32.03	29.62	855.84
	095	OL 400 MV	5,129.54	647.45	4,482.09	26,544	0	0.0	0	8	14	19.32	16.89	0.00
	097	OL 200 HP	28,626.50	2,930.99	25,695.51	120,579	0	0.0	0	53	120	23.74	21.31	1,808.40
	098	OL 400 HP	41,126.94	5,074.27	36,052.67	208,013	0	0.0	0	15	104	19.77	17.33	2,317.56
	107	OL 200HPF	42,164.27	3,972.09	38,192.18	163,106	0	0.0	0	93	161	25.85	23.42	1,781.45
	109	OL400 HPF	193,203.86	23,620.00	169,583.86	968,713	0	0.0	0	199	485	19.94	17.51	4,999.99
	110	OL 250 MH	6,089.82	586.98	5,502.84	24,080	0	0.0	0	7	20	25.29	22.85	67.32
	111	OL100 HPP	66,197.51	2,917.14	63,280.37	126,600	0	0.0	0	33	267	52.29	49.98	249.12
	113	OL 150 HP	62,269.05	5,294.99	56,974.06	215,249	0	0.0	0	146	308	28.93	26.47	6,705.90
	116	OL 400 MH	39,811.08	4,451.11	35,359.97	183,483	0	0.0	0	22	97	21.70	19.27	1,216.06
	120	OL 250HPP	479.97	30.16	449.81	1,236	0	0.0	0	1	1	38.83	36.39	0.00

AEP Internal Page 42 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 0102:18 AM
Go To TOC

December 2022

												Realiz	ation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
216	122	OL150 HPP	17,424.15	755.04	16,669.11	30,976	0	0.0	0	7	44	56.25	53.81	0.00
	131	OL 1000MH	6,977.07	988.20	5,988.87	40,622	0	0.0	0	7	9	17.18	14.74	67.32
	150	55W LEDOL	6,914.68	415.38	6,499.30	15,839	0	0.0	0	33	61	43.66	41.03	568.20
	165	146WLEDOL	2,098.41	98.78	1,999.63	3,536	0	0.0	0	1	5	59.34	56.55	168.30
	166	297WLEDOL	2,123.28	213.70	1,909.58	6,665	0	0.0	0	1	4	31.86	28.65	0.00
	204	GS-MTRD	12,323.66	371.14	11,952.52	11,601	0	0.0	49	0	0	106.23	103.03	0.00
	211	GS SEC	3,086,592.37	357,810.19	2,728,782.18	15,360,977	75,313	31,511.7	2,142	0	0	20.09	17.76	0.00
	213	GS-UMR	118,548.08	14,002.57	104,545.51	492,100	0	0.0	149	0	0	24.09	21.24	0.00
	214	GS - AF	61,167.79	8,390.90	52,776.89	371,190	0	7,983.4	20	0	0	16.48	14.22	0.00
	215	GS SEC	10,270,367.06	1,467,226.93	8,803,140.13	62,134,105	0	229,109.0	757	0	0	16.53	14.17	0.00
	217	GS PRI	99,704.49	11,143.06	88,561.43	450,150	0	5,535.5	4	0	0	22.15	19.67	0.00
	218	GS M SEC	34,263.75	4,699.47	29,564.28	211,280	0	685.6	1	0	0	16.22	13.99	0.00
	223	GS LM ON	3,130.99	335.60	2,795.39	16,328	9,760	0.0	2	0	0	19.18	17.12	0.00
	225	GS LM TOD	103,677.75	16,242.32	87,435.43	688,725	428,289	0.0	6	0	0	15.05	12.70	0.00
	229	GS-TOD	301,467.89	49,078.60	252,389.29	2,032,439	1,362,356	0.0	28	0	0	14.83	12.42	0.00
	240	LGS SEC	8,460,040.15	1,404,815.22	7,055,224.93	58,472,868	0	147,631.0	62	0	0	14.47	12.07	0.00
	242	LGS M SEC	819,859.71	138,374.19	681,485.52	5,752,080	0	13,676.0	6	0	0	14.25	11.85	0.00
	244	LGS PRI	560,682.21	100,783.80	459,898.41	4,089,400	0	12,732.0	4	0	0	13.71	11.25	0.00
	246	LGS M PRI	90,943.02	16,700.98	74,242.04	662,940	0	2,015.0	1	0	0	13.72	11.20	0.00
	251	LGS-LM-TD	27,157.81	5,338.13	21,819.68	165,888	90,816	0.0	1	0	0	16.37	13.15	0.00
	256	LGSSECTOD	291,321.00	55,739.63	235,581.37	2,321,920	1,415,552	4,050.0	2	0	0	12.55	10.15	0.00
	358	IGS PRI	2,605,391.92	561,083.91	2,044,308.01	23,224,800	0	47,278.0	4	0	0	11.22	8.80	0.00
	540	MW	255,677.76	42,634.48	213,043.28	1,805,276	0	2,834.4	9	0	0	14.16	11.80	0.00
Total 216			27,758,948.33	4,309,653.96	23,449,294.37	180,519,036	3,382,086	505,041.6	3,247	767	1,923	15.38	12.99	20,805.46
221	093	OL 175 MV	1,389.47	142.54	1,246.93	5,927	0	0.0	0	7	7	23.44	21.04	0.00
	094	OL 100 HP	8,818.36	679.95	8,138.41	27,998	0	0.0	0	30	58	31.50	29.07	134.64
	095	OL 400 MV	1,099.40	138.83	960.57	5,688	0	0.0	0	2	3	19.33	16.89	0.00
	097	OL 200 HP	7,803.84	842.42	6,961.42	34,549	0	0.0	0	9	34	22.59	20.15	179.70
	098	OL 400 HP	739.20	97.54	641.66	4,000	0	0.0	0	1	2	18.48	16.04	0.00

AEP Internal Page 43 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 01-02-18 AM
Go To TOC

December 2022

												Realiz	ation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
221	107	OL 200HPF	7,709.33	730.87	6,978.46	30,520	0	0.0	0	14	31	25.26	22.87	160.59
	109	OL400 HPF	74,125.72	9,061.51	65,064.21	372,267	0	0.0	0	45	187	19.91	17.48	1,759.68
	110	OL 250 MH	1,803.92	176.22	1,627.70	7,224	0	0.0	0	1	6	24.97	22.53	0.00
	111	OL100 HPP	1,520.32	70.86	1,449.46	2,904	0	0.0	0	1	6	52.35	49.91	0.00
	113	OL 150 HP	8,875.71	757.10	8,118.61	31,585	0	0.0	0	22	45	28.10	25.70	754.06
	116	OL 400 MH	14,365.49	1,625.09	12,740.40	68,464	0	0.0	0	12	37	20.98	18.61	0.00
	131	OL 1000MH	2,879.23	390.03	2,489.20	16,888	0	0.0	0	2	4	17.05	14.74	0.00
	150	55W LEDOL	1,083.98	60.92	1,023.06	2,367	0	0.0	0	6	9	45.80	43.22	134.64
	166	297WLEDOL	269.71	37.00	232.71	903	0	0.0	0	0	0	29.87	25.77	0.00
	204	GS-MTRD	1,968.26	216.22	1,752.04	8,949	0	0.0	3	0	0	21.99	19.58	0.00
	211	GS SEC	698,910.78	78,641.60	620,269.18	3,343,658	0	3,838.0	563	0	0	20.90	18.55	0.00
	215	GS SEC	1,979,232.66	278,263.56	1,700,969.10	11,775,084	0	46,743.0	143	0	0	16.81	14.45	0.00
	217	GS PRI	124,009.12	17,905.49	106,103.63	751,030	0	2,814.5	11	0	0	16.51	14.13	0.00
	220	GSCC PRI	187,036.08	29,526.78	157,509.30	1,262,390	0	2,577.8	11	0	0	14.82	12.48	0.00
	240	LGS SEC	4,015,647.11	551,833.50	3,463,813.61	23,265,316	0	106,782.0	35	0	0	17.26	14.89	0.00
	244	LGS PRI	2,939,132.27	503,559.64	2,435,572.63	21,410,550	0	67,853.0	15	0	0	13.73	11.38	0.00
	248	LGS SUB	295,081.13	72,744.14	222,336.99	2,884,000	0	6,580.0	1	0	0	10.23	7.71	0.00
	331	CS-IRP ST	6,705,501.00	0.00	6,705,501.00	136,536,000	-10,248,000	19,200.0	1	0	0	4.91	4.91	0.00
	332	CS-IRP TR	1,700,944.12	410,859.12	1,290,085.00	17,094,000	0	47,418.0	1	0	0	9.95	7.55	0.00
	358	IGS PRI	7,706,205.07	1,693,473.04	6,012,732.03	70,833,600	0	139,544.0	10	0	0	10.88	8.49	0.00
	359	IGS SUB	8,717,463.50	1,035,612.98	7,681,850.52	45,089,185	0	204,517.0	5	0	0	19.33	17.04	0.00
	360	IGS	1,200,843.63	211,829.41	989,014.22	9,216,000	0	44,175.0	1	0	0	13.03	10.73	0.00
	370	IGS	1,260,060.19	346,458.69	913,601.50	14,839,200	0	24,292.8	1	0	0	8.49	6.16	0.00
	371	IGS	95,066,351.25	29,569,176.73	65,497,174.52	1,231,098,000	0	1,824,722.0	4	0	0	7.72	5.32	0.00
	372	IGS	17,181,240.44	5,155,175.37	12,026,065.07	216,024,000	0	341,614.0	1	0	0	7.95	5.57	0.00
Total 221			149,912,110.29	39,970,087.15	109,942,023.14	1,806,042,246	-10,248,000	2,882,671.1	805	152	429	8.30	6.09	3,123.31
222	097	OL 200 HP	645.11	55.63	589.48	2,707	0	0.0	0	2	3	23.83	21.78	28.66
	107	OL 200HPF	248.69	24.70	223.99	1,012	0	0.0	0	1	1	24.57	22.13	0.00
	109	OL400 HPF	3,310.15	419.76	2,890.39	16,869	0	0.0	0	5	8	19.62	17.13	48.00

AEP Internal Page 44 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 01:02:18 AM
Go To TOC

December 2022

												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
222	113	OL 150 HP	1,895.90	147.60	1,748.30	6,270	0	0.0	0	5	9	30.24	27.88	269.28
	211	GS SEC	61,653.32	7,303.68	54,349.64	324,272	0	1,149.9	24	0	0	19.01	16.76	0.00
	215	GS SEC	355,364.28	45,215.25	310,149.03	2,147,016	0	8,677.2	25	0	0	16.55	14.45	0.00
	220	GSCC PRI	32,971.38	4,842.83	28,128.55	214,200	0	606.0	2	0	0	15.39	13.13	0.00
	240	LGS SEC	1,314,168.40	195,847.57	1,118,320.83	8,415,520	0	29,845.0	7	0	0	15.62	13.29	0.00
	244	LGS PRI	352,000.57	62,649.94	289,350.63	2,877,600	0	5,892.0	1	0	0	12.23	10.06	0.00
	251	LGS-LM-TD	1,296.48	14.14	1,282.34	600	400	0.0	1	0	0	216.08	213.72	0.00
	358	IGS PRI	993,466.01	215,080.94	778,385.07	9,374,400	0	18,830.0	1	0	0	10.60	8.30	0.00
Total 222			3,117,020.29	531,602.04	2,585,418.25	23,380,466	400	65,000.1	62	13	21	13.33	11.06	345.94
230	094	OL 100 HP	935.03	72.60	862.43	3,041	0	0.0	0	5	6	30.75	28.36	0.00
	095	OL 400 MV	366.13	46.19	319.94	1,896	0	0.0	0	1	1	19.31	16.87	0.00
	097	OL 200 HP	4,895.29	517.79	4,377.50	21,252	0	0.0	0	3	21	23.03	20.60	192.00
	107	OL 200HPF	1,022.21	98.64	923.57	4,048	0	0.0	0	3	4	25.25	22.82	24.00
	109	OL400 HPF	12,437.13	1,510.61	10,926.52	62,000	0	0.0	0	12	31	20.06	17.62	384.60
	113	OL 150 HP	4,540.87	405.71	4,135.16	16,746	0	0.0	0	14	24	27.12	24.69	269.28
	116	OL 400 MH	791.31	92.37	698.94	3,792	0	0.0	0	1	2	20.87	18.43	0.00
	150	55W LEDOL	305.33	20.32	285.01	775	0	0.0	0	3	3	39.40	36.78	0.00
	211	GS SEC	60,909.42	6,564.95	54,344.47	293,613	0	551.3	49	0	0	20.74	18.51	0.00
	215	GS SEC	361,943.09	44,483.06	317,460.03	2,075,741	0	10,342.0	51	0	0	17.44	15.29	0.00
	217	GS PRI	3,253.23	89.55	3,163.68	3,960	0	9.0	2	0	0	82.15	79.89	0.00
	220	GSCC PRI	422,665.36	64,286.78	358,378.58	2,658,150	0	8,570.6	24	0	0	15.90	13.48	0.00
	236	GSCC SUB	78,061.16	10,252.56	67,808.60	483,350	0	1,067.1	3	0	0	16.15	14.03	0.00
	240	LGS SEC	439,359.82	45,010.21	394,349.61	2,001,912	0	15,817.0	7	0	0	21.95	19.70	0.00
	244	LGS PRI	4,485,311.95	633,793.20	3,851,518.75	26,235,370	296,400	146,819.0	25	0	0	17.10	14.68	0.00
	248	LGS SUB	265,113.90	64,791.77	200,322.13	2,731,000	0	4,797.0	1	0	0	9.71	7.34	0.00
	257	LGSPRITOD	376,501.75	60,633.20	315,868.55	2,865,510	1,744,800	7,443.0	2	0	0	13.14	11.02	0.00
	330	CS-IRP PR	4,120,905.91	668,868.71	3,452,037.20	28,108,101	0	98,167.0	5	0	0	14.66	12.28	0.00
	333	CS-IRP	4,381,285.97	1,200,957.18	3,180,328.79	50,208,000	0	127,824.0	1	0	0	8.73	6.33	0.00
	358	IGS PRI	10,582,193.92	1,566,497.09	9,015,696.83	66,799,250	-143,500	219,752.6	8	0	0	15.84	13.50	0.00

AEP Internal Page 45 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 0122:18 AM
Go To TOC

December 2022

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
230	359	IGS SUB	5,989,563.37	1,170,219.50	4,819,343.87	49,970,400	0	151,909.0	4	0	0	11.99	9.64	0.00
Total 230			31,592,362.15	5,539,211.99	26,053,150.16	234,547,907	1,897,700	793,068.6	182	42	92	13.47	11.11	869.88
400	093	OL 175 MV	404.20	42.18	362.02	1,728	0	0.0	0	1	2	23.39	20.95	0.00
	094	OL 100 HP	598.80	47.23	551.57	1,936	0	0.0	0	2	4	30.93	28.49	0.00
	107	OL 200HPF	248.65	24.69	223.96	1,012	0	0.0	0	1	1	24.57	22.13	0.00
	109	OL400 HPF	9,132.16	1,121.24	8,010.92	46,000	0	0.0	0	7	23	19.85	17.42	201.96
	111	OL100 HPP	23,301.69	1,084.28	22,217.41	44,528	0	0.0	0	19	92	52.33	49.90	0.00
	113	OL 150 HP	868.36	68.66	799.70	2,816	0	0.0	0	2	4	30.84	28.40	134.64
	122	OL150 HPP	3,167.54	137.18	3,030.36	5,632	0	0.0	0	2	8	56.24	53.81	0.00
	131	OL 1000MH	770.11	110.69	659.42	4,540	0	0.0	0	1	1	16.96	14.52	0.00
	204	GS-MTRD	1,720.90	0.22	1,720.68	12	0	0.0	8	0	0	14,340.83	14,339.00	0.00
	211	GS SEC	142,332.73	9,121.52	133,211.21	366,059	0	161.2	240	0	0	38.88	36.39	0.00
	213	GS-UMR	234.22	1.44	232.78	60	0	0.0	1	0	0	390.37	387.97	0.00
	215	GS SEC	77,219.00	10,613.50	66,605.50	455,549	0	1,932.7	6	0	0	16.95	14.62	0.00
	528	SL	1,928,885.79	203,812.12	1,725,073.67	8,436,096	0	0.0	54	0	0	22.86	20.45	0.00
Total 400			2,188,884.15	226,184.95	1,962,699.20	9,365,968	0	2,093.9	309	35	135	23.37	20.96	336.60
Grand Tota	ıl		698,011,927.90	123,421,392.59	574,590,535.31	5,358,481,005	-25,020,938	7,457,573.5	164,184	46,132	54,895	13.03	10.72	297,136.29

AEP Internal Page 46 of 64



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 0123 247 of 64
Go To TOC

State: KY December 2022

State . Ki											Decembe	1 2022	
											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
011	RSW-LMWH	335,288.03	50,293.60	284,994.43	2,204,263	0	0.0	127	0	0	15.21	12.93	0.00
012	RSW-A	30,290.97	4,635.15	25,655.82	203,375	0	0.0	10	0	0	14.89	12.62	0.00
013	RSW-B	2,773.28	438.26	2,335.02	18,451	0	0.0	1	0	0	15.03	12.66	0.00
014	RSW-C	32,825.57	4,911.48	27,914.09	221,399	0	0.0	15	0	0	14.83	12.61	0.00
015	RS	143,726,682.22	20,616,399.45	123,110,282.77	887,404,779	75,327	9,693.8	65,297	0	0	16.20	13.87	0.00
017	RS EMP	833,540.09	121,964.15	711,575.94	5,328,755	0	0.0	294	0	0	15.64	13.35	0.00
022	RSW-RS	163,866,069.07	23,524,923.75	140,341,145.32	1,035,687,458	57,326	18,903.3	66,719	0	0	15.82	13.55	0.00
028	AORH-W ON	18,646.91	2,774.85	15,872.06	123,763	74,519	0.0	6	0	0	15.07	12.82	0.00
030	RSW-ONPK	202,424.86	29,670.69	172,754.17	1,333,449	816,621	0.0	65	0	0	15.18	12.96	0.00
032	RS LM-ON	223,410.01	33,197.50	190,212.51	1,456,670	901,440	0.0	76	0	0	15.34	13.06	0.00
034	AORH-ON	1,976.87	308.16	1,668.71	13,646	8,338	0.0	2	0	0	14.49	12.23	0.00
036	RS-TOD-ON	14,187.74	2,128.34	12,059.40	92,624	57,012	0.0	4	0	0	15.32	13.02	0.00
093	OL 175 MV	106,378.38	11,317.88	95,060.50	461,792	0	0.0	0	519	547	23.04	20.59	63.52
094	OL 100 HP	2,686,203.08	210,594.32	2,475,608.76	8,770,111	0	0.0	0	17,079	18,389	30.63	28.23	51,389.48
095	OL 400 MV	26,596.60	3,354.24	23,242.36	137,890	0	0.0	0	53	73	19.29	16.86	0.00
097	OL 200 HP	359,932.79	38,942.89	320,989.90	1,606,373	0	0.0	0	1,224	1,600	22.41	19.98	9,737.54
098	OL 400 HP	97,454.16	12,278.47	85,175.69	505,074	0	0.0	0	110	255	19.30	16.86	3,769.74
099	OL175 MVP	1,130.23	105.44	1,024.79	4,320	0	0.0	0	3	5	26.16	23.72	0.00
103	OL 250 HP	922.88	90.43	832.45	3,708	0	0.0	0	2	3	24.89	22.45	0.00
107	OL 200HPF	424,276.26	40,979.18	383,297.08	1,686,409	0	0.0	0	1,188	1,681	25.16	22.73	11,820.59
109	OL400 HPF	1,565,368.45	192,370.03	1,372,998.42	7,904,710	0	0.0	0	1,680	3,978	19.80	17.37	35,402.82
110	OL 250 MH	54,563.84	5,125.65	49,438.19	209,399	0	0.0	0	93	176	26.06	23.61	2,111.44
111	OL100 HPP	189,692.18	8,658.28	181,033.90	362,674	0	0.0	0	209	758	52.30	49.92	1,536.45
113	OL 150 HP	3,281,895.29	304,191.96	2,977,703.33	12,730,831	0	0.0	0	16,481	18,442	25.78	23.39	133,107.31
116	OL 400 MH	373,697.42	42,681.03	331,016.39	1,733,458	0	0.0	0	292	929	21.56	19.10	9,736.23
120	OL 250HPP	947.59	60.32	887.27	2,475	0	0.0	0	2	2	38.29	35.85	0.00
122	OL150 HPP	26,827.85	1,166.73	25,661.12	47,872	0	0.0	0	16	68	56.04	53.60	0.00

AEP Internal Page 47 of 64



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01/03/13 AM of 64
Go To TOC

State: KY December 2022

state . Ki											Decembe	1 2022	
											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
126	OL 400HPP	1,919.63	146.35	1,773.28	6,000	0	0.0	0	2	3	31.99	29.55	0.00
130	OL 250MON	2,068.88	194.27	1,874.61	6,889	0	0.0	0	6	6	30.03	27.21	23.37
131	OL 1000MH	83,844.56	11,717.45	72,127.11	487,104	0	0.0	0	50	109	17.21	14.81	972.26
136	OL 400MON	5,383.20	522.14	4,861.06	21,208	0	0.0	0	4	11	25.38	22.92	67.32
150	55W LEDOL	833,865.92	53,734.14	780,131.78	2,043,729	0	0.0	0	7,097	7,810	40.80	38.17	37,111.97
152	175WLEDOL	99.40	13.35	86.05	416	0	0.0	0	0	0	23.89	20.69	0.00
160	64W LEDOL	1,407.04	44.11	1,362.93	1,617	0	0.0	0	5	5	87.02	84.29	0.00
165	146WLEDOL	10,350.51	624.58	9,725.93	19,406	0	0.0	0	12	28	53.34	50.12	248.47
166	297WLEDOL	8,080.23	847.72	7,232.51	25,313	0	0.0	0	5	17	31.92	28.57	37.78
204	GS-MTRD	215,431.03	22,487.49	192,943.54	925,487	0	0.0	368	0	0	23.28	20.85	0.00
211	GS SEC	29,551,475.35	3,324,167.33	26,227,308.02	142,048,369	150,362	234,907.7	22,614	0	0	20.80	18.46	0.00
212	GS-SEC M	846.93	79.22	767.71	3,250	0	0.0	1	0	0	26.06	23.62	0.00
213	GS-UMR	532,155.41	55,613.65	476,541.76	2,243,935	0	0.0	583	0	0	23.72	21.24	0.00
214	GS - AF	231,209.02	30,858.07	200,350.95	1,382,670	0	32,616.6	84	0	0	16.72	14.49	0.00
215	GS SEC	74,791,719.62	10,587,364.83	64,204,354.79	447,462,414	0	1,792,927.7	6,419	0	0	16.71	14.35	0.00
217	GS PRI	570,102.49	79,239.85	490,862.64	3,420,760	0	15,721.3	33	0	0	16.67	14.35	0.00
218	GS M SEC	34,263.75	4,699.47	29,564.28	211,280	0	685.6	1	0	0	16.22	13.99	0.00
220	GSCC PRI	790,264.20	121,701.68	668,562.52	5,142,740	0	14,292.4	41	0	0	15.37	13.00	0.00
223	GS LM ON	146,755.86	19,598.70	127,157.16	907,121	556,174	0.0	38	0	0	16.18	14.02	0.00
225	GS LM TOD	145,319.10	21,085.95	124,233.15	898,874	540,211	0.0	31	0	0	16.17	13.82	0.00
227	EXP GSTOD	1,557,299.50	195,551.09	1,361,748.41	8,190,418	6,775,512	0.0	498	0	0	19.01	16.63	0.00
229	GS-TOD	1,314,635.67	202,354.28	1,112,281.39	8,492,440	5,168,228	5,789.2	138	0	0	15.48	13.10	0.00
236	GSCC SUB	78,061.16	10,252.56	67,808.60	483,350	0	1,067.1	3	0	0	16.15	14.03	0.00
240	LGS SEC	43,058,959.65	6,961,381.02	36,097,578.63	291,060,168	0	809,195.0	352	0	0	14.79	12.40	0.00
242	LGS M SEC	1,008,074.92	169,380.61	838,694.31	7,068,880	0	16,942.0	7	0	0	14.26	11.86	0.00
244	LGS PRI	11,867,999.39	1,939,997.07	9,928,002.32	81,642,650	296,400	305,447.0	65	0	0	14.54	12.16	0.00
246	LGS M PRI	90,943.02	16,700.98	74,242.04	662,940	0	2,015.0	1	0	0	13.72	11.20	0.00

AEP Internal Page 48 of 64



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 0123 249 of 64
Go To TOC

State: KY December 2022

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											Reali	zation	
Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
248	LGS SUB	1,463,760.79	343,626.72	1,120,134.07	14,234,375	0	33,807.0	7	0	0	10.28	7.87	0.00
251	LGS-LM-TD	271,353.10	49,751.66	221,601.44	1,777,436	1,029,724	0.0	7	0	0	15.27	12.47	0.00
256	LGSSECTOD	632,765.80	119,153.14	513,612.66	4,960,528	2,947,568	9,061.0	4	0	0	12.76	10.35	0.00
257	LGSPRITOD	376,501.75	60,633.20	315,868.55	2,865,510	1,744,800	7,443.0	2	0	0	13.14	11.02	0.00
260	PS SEC	14,037,375.76	2,027,150.32	12,010,225.44	87,508,342	0	338,407.0	138	0	0	16.04	13.72	0.00
264	PS PRI	248,086.32	38,437.93	209,648.39	1,758,000	0	6,687.0	1	0	0	14.11	11.93	0.00
330	CS-IRP PR	4,120,905.91	668,868.71	3,452,037.20	28,108,101	0	98,167.0	5	0	0	14.66	12.28	0.00
331	CS-IRP ST	6,705,501.00	0.00	6,705,501.00	136,536,000	-10,248,000	19,200.0	1	0	0	4.91	4.91	0.00
332	CS-IRP TR	1,700,944.12	410,859.12	1,290,085.00	17,094,000	0	47,418.0	1	0	0	9.95	7.55	0.00
333	CS-IRP	4,381,285.97	1,200,957.18	3,180,328.79	50,208,000	0	127,824.0	1	0	0	8.73	6.33	0.00
356	IGS SEC	1,845,120.58	371,002.87	1,474,117.71	15,585,840	0	31,286.0	4	0	0	11.84	9.46	0.00
358	IGS PRI	31,468,366.80	6,280,091.96	25,188,274.84	263,730,410	-143,500	593,017.6	33	0	0	11.93	9.55	0.00
359	IGS SUB	28,450,362.88	7,227,852.79	21,222,510.09	277,580,735	-35,829,000	647,414.0	16	0	0	10.25	7.65	0.00
360	IGS	1,200,843.63	211,829.41	989,014.22	9,216,000	0	44,175.0	1	0	0	13.03	10.73	0.00
370	IGS	1,260,060.19	346,458.69	913,601.50	14,839,200	0	24,292.8	1	0	0	8.49	6.16	0.00
371	IGS	95,066,351.25	29,569,176.73	65,497,174.52	1,231,098,000	0	1,824,722.0	4	0	0	7.72	5.32	0.00
372	IGS	17,181,240.44	5,155,175.37	12,026,065.07	216,024,000	0	341,614.0	1	0	0	7.95	5.57	0.00
528	SL	1,928,885.79	203,812.12	1,725,073.67	8,436,096	0	0.0	54	0	0	22.86	20.45	0.00
540	MW	255,677.76	42,634.48	213,043.28	1,805,276	0	2,834.4	9	0	0	14.16	11.80	0.00
KY - Summa	ary	698,011,927.90	123,421,392.59	574,590,535.31	5,358,481,005	-25,020,938	7,457,573.5	164,184	46,132	54,895	13.03	10.72	297,136.29

AEP Internal Page 49 of 64



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01:02-186-50 of 64

December 2022

Go To TOC

												Realizat	tion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 50 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 0102:18 AM
Go To TOC

State: KY December 2022

State : KY												Decembe	1 2022	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
010	011	RSW-LMWH	95,252.34	14,103.64	81,148.70	612,112	0	0.0	46	0	0	15.56	13.26	0.00
	014	RSW-C	22,949.71	3,508.09	19,441.62	151,522	0	0.0	12	0	0	15.15	12.83	0.00
	015	RS	70,846,247.34	10,073,021.91	60,773,225.43	425,201,196	4,865	5,314.4	36,873	0	0	16.66	14.29	0.00
	022	RSW-RS	24,954,991.53	3,555,362.93	21,399,628.60	153,099,157	0	712.7	11,959	0	0	16.30	13.98	0.00
	036	RS-TOD-ON	1,425.20	142.41	1,282.79	5,879	3,456	0.0	2	0	0	24.24	21.82	0.00
	093	OL 175 MV	51,381.98	5,578.01	45,803.97	223,401	0	0.0	0	270	268	23.00	20.50	63.52
	094	OL 100 HP	1,018,886.99	80,277.85	938,609.14	3,350,202	0	0.0	0	6,647	7,021	30.41	28.02	15,657.87
	095	OL 400 MV	2,151.75	277.25	1,874.50	11,376	0	0.0	0	4	6	18.91	16.48	0.00
	097	OL 200 HP	68,427.38	7,577.63	60,849.75	313,820	0	0.0	0	293	314	21.80	19.39	1,032.63
	098	OL 400 HP	4,027.31	521.50	3,505.81	21,904	0	0.0	0	11	11	18.39	16.01	67.32
	107	OL 200HPF	57,518.80	5,758.46	51,760.34	236,512	0	0.0	0	195	236	24.32	21.88	971.29
	109	OL400 HPF	65,184.63	8,258.56	56,926.07	339,311	0	0.0	0	110	171	19.21	16.78	760.07
	110	OL 250 MH	4,604.44	458.47	4,145.97	18,984	0	0.0	0	15	16	24.25	21.84	0.00
	111	OL100 HPP	6,046.11	288.59	5,757.52	11,920	0	0.0	0	14	25	50.72	48.30	50.12
	113	OL 150 HP	887,567.73	82,898.32	804,669.41	3,478,391	0	0.0	0	4,640	5,044	25.52	23.13	32,047.38
	116	OL 400 MH	5,700.93	651.54	5,049.39	27,374	0	0.0	0	12	15	20.83	18.45	67.32
	122	OL150 HPP	758.71	34.31	724.40	1,408	0	0.0	0	2	2	53.89	51.45	0.00
	130	OL 250MON	660.56	59.74	600.82	2,148	0	0.0	0	2	2	30.75	27.97	23.37
	131	OL 1000MH	3,028.99	442.54	2,586.45	18,160	0	0.0	0	3	4	16.68	14.24	0.00
	136	OL 400MON	567.05	63.93	503.12	2,352	0	0.0	0	1	1	24.11	21.39	0.00
	150	55W LEDOL	252,170.19	16,457.79	235,712.40	626,089	0	0.0	0	2,237	2,392	40.28	37.65	8,924.42
	152	175WLEDOL	99.40	13.35	86.05	416	0	0.0	0	0	0	23.89	20.69	0.00
	160	64W LEDOL	339.11	11.00	328.11	407	0	0.0	0	1	1	83.32	80.62	0.00
	165	146WLEDOL	580.27	35.32	544.95	1,106	0	0.0	0	1	2	52.47	49.27	0.00
	166	297WLEDOL	88.57	12.47	76.10	302	0	0.0	0	0	0	29.33	25.20	0.00
010 - Sumr	mary		98,350,657.02	13,855,815.61	84,494,841.41	587,755,449	8,321	6,027.1	48,892	14,459	15,531	16.73	14.38	59,665.31
020	011	RSW-LMWH	240,035.69	36,189.96	203,845.73	1,592,151	0	0.0	81	0	0	15.08	12.80	0.00
	012	RSW-A	30,290.97	4,635.15	25,655.82	203,375	0	0.0	10	0	0	14.89	12.62	0.00
	013	RSW-B	2,773.28	438.26	2,335.02	18,451	0	0.0	1	0	0	15.03	12.66	0.00

AEP Internal Page 51 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 0102:18 AM
GO TO TOC

State: KY December 2022

state : KY												Decembe	1 2022	
												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
020	014	RSW-C	9,875.86	1,403.39	8,472.47	69,877	0	0.0	2	0	0	14.13	12.12	0.00
	015	RS	72,878,923.21	10,543,165.68	62,335,757.53	462,194,857	70,462	4,379.4	28,422	0	0	15.77	13.49	0.00
	017	RS EMP	833,540.09	121,964.15	711,575.94	5,328,755	0	0.0	294	0	0	15.64	13.35	0.00
	022	RSW-RS	138,911,077.54	19,969,560.82	118,941,516.72	882,588,301	57,326	18,190.6	54,760	0	0	15.74	13.48	0.00
	028	AORH-W ON	18,646.91	2,774.85	15,872.06	123,763	74,519	0.0	6	0	0	15.07	12.82	0.00
	030	RSW-ONPK	202,424.86	29,670.69	172,754.17	1,333,449	816,621	0.0	65	0	0	15.18	12.96	0.00
	032	RS LM-ON	223,410.01	33,197.50	190,212.51	1,456,670	901,440	0.0	76	0	0	15.34	13.06	0.00
	034	AORH-ON	1,976.87	308.16	1,668.71	13,646	8,338	0.0	2	0	0	14.49	12.23	0.00
	036	RS-TOD-ON	12,762.54	1,985.93	10,776.61	86,745	53,556	0.0	2	0	0	14.71	12.42	0.00
	093	OL 175 MV	27,190.78	2,866.92	24,323.86	119,531	0	0.0	0	137	141	22.75	20.35	0.00
	094	OL 100 HP	1,406,951.25	110,595.60	1,296,355.65	4,599,402	0	0.0	0	9,095	9,659	30.59	28.19	30,183.29
	095	OL 400 MV	1,076.48	138.72	937.76	5,688	0	0.0	0	3	3	18.93	16.49	0.00
	097	OL 200 HP	110,724.24	12,275.11	98,449.13	507,599	0	0.0	0	471	507	21.81	19.40	1,720.75
	098	OL 400 HP	9,536.25	1,231.55	8,304.70	51,715	0	0.0	0	25	27	18.44	16.06	177.96
	107	OL 200HPF	83,389.89	8,190.16	75,199.73	337,867	0	0.0	0	299	338	24.68	22.26	2,385.69
	109	OL400 HPF	83,445.98	10,748.24	72,697.74	445,725	0	0.0	0	186	225	18.72	16.31	1,394.59
	110	OL 250 MH	6,325.85	629.59	5,696.26	25,600	0	0.0	0	20	22	24.71	22.25	57.91
	111	OL100 HPP	29,931.82	1,427.73	28,504.09	58,481	0	0.0	0	98	122	51.18	48.74	514.40
	113	OL 150 HP	1,874,778.37	175,755.16	1,699,023.21	7,360,142	0	0.0	0	9,880	10,683	25.47	23.08	65,382.27
	116	OL 400 MH	7,539.95	904.08	6,635.87	36,831	0	0.0	0	15	19	20.47	18.02	43.32
	120	OL 250HPP	467.62	30.16	437.46	1,239	0	0.0	0	1	1	37.74	35.31	0.00
	122	OL150 HPP	1,517.71	68.66	1,449.05	2,816	0	0.0	0	4	4	53.90	51.46	0.00
	126	OL 400HPP	625.49	48.81	576.68	2,000	0	0.0	0	1	1	31.27	28.83	0.00
	130	OL 250MON	1,032.74	105.14	927.60	3,537	0	0.0	0	3	3	29.20	26.23	0.00
	131	OL 1000MH	3,030.33	442.77	2,587.56	18,160	0	0.0	0	1	4	16.69	14.25	0.00
	136	OL 400MON	438.21	42.06	396.15	1,792	0	0.0	0	1	1	24.45	22.11	0.00
	150	55W LEDOL	486,660.51	31,386.25	455,274.26	1,194,167	0	0.0	0	4,225	4,560	40.75	38.12	22,052.05
	160	64W LEDOL	887.28	27.07	860.21	1,015	0	0.0	0	3	3	87.42	84.75	0.00
	165	146WLEDOL	505.76	39.70	466.06	1,095	0	0.0	0	1	2	46.19	42.56	0.00

AEP Internal Page 52 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 0102:18 AM
GO TO TOC

State: KY December 2022

State : KY						:						Decembe	1 2022	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
020	211	GS SEC	6,102.26	897.92	5,204.34	30,668	0	0.0	4	0	0	19.90	16.97	0.00
020 - Sumr	nary		217,507,896.60	31,103,145.94	186,404,750.66	1,369,815,110	1,982,262	22,570.0	83,727	24,470	26,326	15.88	13.61	123,912.23
211	093	OL 175 MV	16,025.08	1,655.85	14,369.23	68,502	0	0.0	0	65	80	23.39	20.98	0.00
	094	OL 100 HP	174,350.24	13,188.99	161,161.25	549,160	0	0.0	0	947	1,146	31.75	29.35	3,756.54
	095	OL 400 MV	10,578.02	1,327.18	9,250.84	54,693	0	0.0	0	24	29	19.34	16.91	0.00
	097	OL 200 HP	100,731.61	10,711.92	90,019.69	440,420	0	0.0	0	274	437	22.87	20.44	3,342.36
	098	OL 400 HP	25,605.82	3,275.98	22,329.84	134,382	0	0.0	0	39	68	19.05	16.62	629.70
	099	OL175 MVP	904.12	84.34	819.78	3,456	0	0.0	0	2	4	26.16	23.72	0.00
	103	OL 250 HP	922.88	90.43	832.45	3,708	0	0.0	0	2	3	24.89	22.45	0.00
	107	OL 200HPF	148,857.24	14,206.31	134,650.93	585,498	0	0.0	0	381	581	25.42	23.00	4,170.65
	109	OL400 HPF	684,856.50	84,270.32	600,586.18	3,455,326	0	0.0	0	736	1,741	19.82	17.38	13,736.27
	110	OL 250 MH	20,490.43	1,906.18	18,584.25	77,691	0	0.0	0	38	66	26.37	23.92	885.09
	111	OL100 HPP	49,180.47	2,260.34	46,920.13	92,897	0	0.0	0	33	193	52.94	50.51	498.24
	113	OL 150 HP	332,936.74	29,510.76	303,425.98	1,231,640	0	0.0	0	1,386	1,769	27.03	24.64	18,752.72
	116	OL 400 MH	198,725.99	22,895.54	175,830.45	919,969	0	0.0	0	148	497	21.60	19.11	5,304.54
	122	OL150 HPP	3,959.74	171.54	3,788.20	7,040	0	0.0	0	1	10	56.25	53.81	0.00
	126	OL 400HPP	1,294.14	97.54	1,196.60	4,000	0	0.0	0	1	2	32.35	29.92	0.00
	130	OL 250MON	375.58	29.39	346.19	1,204	0	0.0	0	1	1	31.19	28.75	0.00
	131	OL 1000MH	42,259.01	5,799.47	36,459.54	243,496	0	0.0	0	26	54	17.36	14.97	702.98
	136	OL 400MON	4,377.94	416.15	3,961.79	17,064	0	0.0	0	2	9	25.66	23.22	67.32
	150	55W LEDOL	68,447.06	4,308.13	64,138.93	163,084	0	0.0	0	475	625	41.97	39.33	3,766.67
	165	146WLEDOL	4,752.38	291.41	4,460.97	9,060	0	0.0	0	6	13	52.45	49.24	0.00
	166	297WLEDOL	4,950.42	508.41	4,442.01	15,351	0	0.0	0	3	11	32.25	28.94	37.78
	204	GS-MTRD	199,418.21	21,899.91	177,518.30	904,925	0	0.0	308	0	0	22.04	19.62	0.00
	211	GS SEC	20,576,923.09	2,261,434.89	18,315,488.20	96,112,786	60,008	131,267.5	16,984	0	0	21.41	19.06	0.00
	212	GS-SEC M	846.93	79.22	767.71	3,250	0	0.0	1	0	0	26.06	23.62	0.00
	213	GS-UMR	413,373.11	41,609.64	371,763.47	1,751,775	0	0.0	432	0	0	23.60	21.22	0.00
	214	GS - AF	6,621.30	802.72	5,818.58	30,573	0	2,339.4	6	0	0	21.66	19.03	0.00
	215	GS SEC	35,429,572.05	5,117,414.34	30,312,157.71	212,801,349	0	827,654.1	3,099	0	0	16.65	14.24	0.00

AEP Internal Page 53 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 0102:18 AM
GO TO TOC

State: KY December 2022

State : KY												Decembe	r 2022	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
211	217	GS PRI	187,450.59	25,718.12	161,732.47	1,194,600	0	4,270.6	10	0	0	15.69	13.54	0.00
	220	GSCC PRI	60,492.52	8,960.54	51,531.98	374,400	0	1,398.0	4	0	0	16.16	13.76	0.00
	223	GS LM ON	9,720.77	1,284.69	8,436.08	53,081	28,709	0.0	4	0	0	18.31	15.89	0.00
	225	GS LM TOD	2,854.37	325.81	2,528.56	14,058	8,093	0.0	2	0	0	20.30	17.99	0.00
	227	EXP GSTOD	1,028,342.16	127,684.74	900,657.42	5,332,235	4,403,341	0.0	361	0	0	19.29	16.89	0.00
	229	GS-TOD	626,798.48	95,985.95	530,812.53	3,982,268	2,290,032	5,789.2	56	0	0	15.74	13.33	0.00
	240	LGS SEC	12,031,651.51	2,029,951.91	10,001,699.60	83,942,636	0	202,687.0	99	0	0	14.33	11.91	0.00
	244	LGS PRI	2,030,004.91	381,027.85	1,648,977.06	15,991,250	0	37,441.0	10	0	0	12.69	10.31	0.00
	248	LGS SUB	643,619.96	142,560.27	501,059.69	6,033,750	0	16,619.0	4	0	0	10.67	8.30	0.00
	251	LGS-LM-TD	97,068.72	20,299.38	76,769.34	636,288	377,088	0.0	1	0	0	15.26	12.07	0.00
	256	LGSSECTOD	341,444.80	63,413.51	278,031.29	2,638,608	1,532,016	5,011.0	2	0	0	12.94	10.54	0.00
	356	IGS SEC	1,845,120.58	371,002.87	1,474,117.71	15,585,840	0	31,286.0	4	0	0	11.84	9.46	0.00
	358	IGS PRI	8,094,827.90	1,928,393.21	6,166,434.69	80,362,800	0	140,482.0	7	0	0	10.07	7.67	0.00
	359	IGS SUB	13,473,616.34	4,977,079.14	8,496,537.20	180,655,650	-35,829,000	285,014.0	6	0	0	7.46	4.70	0.00
211 - Sumi	mary		98,994,349.71	17,813,934.89	81,180,414.82	716,479,763	-27,129,713	1,691,258.8	21,400	4,590	7,339	13.82	11.33	55,650.86
212	015	RS	1,511.67	211.86	1,299.81	8,726	0	0.0	1	0	0	17.32	14.90	0.00
	093	OL 175 MV	2,495.92	257.53	2,238.39	10,691	0	0.0	0	12	12	23.35	20.94	0.00
	094	OL 100 HP	39,248.02	2,976.20	36,271.82	123,907	0	0.0	0	208	258	31.68	29.27	801.30
	095	OL 400 MV	4,730.09	593.72	4,136.37	24,421	0	0.0	0	8	13	19.37	16.94	0.00
	097	OL 200 HP	31,339.65	3,315.66	28,023.99	136,099	0	0.0	0	100	135	23.03	20.59	1,187.76
	098	OL 400 HP	12,249.04	1,560.71	10,688.33	63,958	0	0.0	0	15	32	19.15	16.71	360.60
	099	OL175 MVP	226.11	21.10	205.01	864	0	0.0	0	1	1	26.17	23.73	0.00
	107	OL 200HPF	60,071.98	5,760.31	54,311.67	235,722	0	0.0	0	156	238	25.48	23.04	1,764.36
	109	OL400 HPF	272,673.26	33,233.50	239,439.76	1,367,891	0	0.0	0	287	689	19.93	17.50	6,729.99
	110	OL 250 MH	13,973.42	1,250.69	12,722.73	51,019	0	0.0	0	10	42	27.39	24.94	1,033.80
	111	OL100 HPP	6,168.35	267.43	5,900.92	11,308	0	0.0	0	6	24	54.55	52.18	224.57
	113	OL 150 HP	96,544.27	8,412.70	88,131.57	348,990	0	0.0	0	358	500	27.66	25.25	7,271.25
	116	OL 400 MH	74,707.63	8,418.42	66,289.21	344,198	0	0.0	0	63	183	21.70	19.26	2,369.15
	131	OL 1000MH	24,051.49	3,433.21	20,618.28	140,698	0	0.0	0	9	31	17.09	14.65	134.64

AEP Internal Page 54 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 01-02:18 AM
Go To TOC

State: KY December 2022

State : KY												Decembe	1 2022	
												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
212	150	55W LEDOL	16,571.49	976.90	15,594.59	37,396	0	0.0	0	105	145	44.31	41.70	1,549.58
	160	64W LEDOL	180.65	6.04	174.61	195	0	0.0	0	1	1	92.64	89.54	0.00
	165	146WLEDOL	1,560.91	89.33	1,471.58	2,887	0	0.0	0	1	4	54.07	50.97	28.88
	166	297WLEDOL	186.58	18.66	167.92	583	0	0.0	0	0	0	32.00	28.80	0.00
	211	GS SEC	4,472,224.46	550,356.12	3,921,868.34	23,900,728	15,041	60,331.1	2,357	0	0	18.71	16.41	0.00
	215	GS SEC	22,922,568.75	3,166,283.91	19,756,284.84	135,762,368	0	587,188.1	2,116	0	0	16.88	14.55	0.00
	217	GS PRI	150,694.99	23,791.84	126,903.15	993,480	0	3,019.7	6	0	0	15.17	12.77	0.00
	220	GSCC PRI	87,098.86	14,084.75	73,014.11	633,600	0	1,140.0	1	0	0	13.75	11.52	0.00
	223	GS LM ON	126,314.21	17,113.02	109,201.19	779,792	473,625	0.0	31	0	0	16.20	14.00	0.00
	225	GS LM TOD	38,786.98	4,517.82	34,269.16	196,091	103,829	0.0	23	0	0	19.78	17.48	0.00
	227	EXP GSTOD	528,957.34	67,866.35	461,090.99	2,858,183	2,372,171	0.0	138	0	0	18.51	16.13	0.00
	229	GS-TOD	386,369.30	57,289.73	329,079.57	2,477,733	1,515,840	0.0	54	0	0	15.59	13.28	0.00
	240	LGS SEC	14,275,682.89	2,346,975.26	11,928,707.63	98,858,212	0	251,639.0	112	0	0	14.44	12.07	0.00
	242	LGS M SEC	188,215.21	31,006.42	157,208.79	1,316,800	0	3,266.0	1	0	0	14.29	11.94	0.00
	244	LGS PRI	871,241.72	156,397.42	714,844.30	6,679,800	0	17,872.0	5	0	0	13.04	10.70	0.00
	248	LGS SUB	259,945.80	63,530.54	196,415.26	2,585,625	0	5,811.0	1	0	0	10.05	7.60	0.00
	251	LGS-LM-TD	145,830.09	24,100.01	121,730.08	974,660	561,420	0.0	4	0	0	14.96	12.49	0.00
	358	IGS PRI	1,053,071.50	235,222.94	817,848.56	9,618,960	0	18,210.0	2	0	0	10.95	8.50	0.00
212 - Sumi	mary		46,165,492.63	6,829,340.10	39,336,152.53	290,545,585	5,041,926	948,476.9	4,852	1,340	2,309	15.89	13.54	23,455.88
213	093	OL 175 MV	1,110.75	112.56	998.19	4,751	0	0.0	0	6	6	23.38	21.01	0.00
	094	OL 100 HP	6,799.80	531.63	6,268.17	21,998	0	0.0	0	26	45	30.91	28.49	0.00
	095	OL 400 MV	1,465.19	184.90	1,280.29	7,584	0	0.0	0	3	4	19.32	16.88	0.00
	097	OL 200 HP	6,739.17	715.74	6,023.43	29,348	0	0.0	0	19	29	22.96	20.52	245.28
	098	OL 400 HP	4,169.60	516.92	3,652.68	21,102	0	0.0	0	4	11	19.76	17.31	216.60
	107	OL 200HPF	23,045.20	2,212.95	20,832.25	91,112	0	0.0	0	45	90	25.29	22.86	562.56
	109	OL400 HPF	166,999.06	20,126.29	146,872.77	830,608	0	0.0	0	94	418	20.11	17.68	5,387.67
	110	OL 250 MH	1,275.96	117.52	1,158.44	4,801	0	0.0	0	3	4	26.58	24.13	67.32
	111	OL100 HPP	7,345.91	341.91	7,004.00	14,036	0	0.0	0	4	29	52.34	49.90	0.00
	113	OL 150 HP	11,618.29	940.96	10,677.33	39,002	0	0.0	0	28	55	29.79	27.38	1,520.53

AEP Internal Page 55 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 0102:18 AM
GO TO TOC

State: KY

State : KY												Decembe	r 2022	
												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
213	116	OL 400 MH	32,055.04	3,642.88	28,412.16	149,347	0	0.0	0	19	79	21.46	19.02	735.84
	131	OL 1000MH	848.33	110.54	737.79	4,540	0	0.0	0	1	1	18.69	16.25	67.32
	150	55W LEDOL	1,712.68	108.45	1,604.23	4,012	0	0.0	0	12	16	42.69	39.99	116.41
	165	146WLEDOL	852.78	70.04	782.74	1,722	0	0.0	0	1	2	49.52	45.46	51.29
	166	297WLEDOL	461.67	57.48	404.19	1,509	0	0.0	0	0	1	30.59	26.79	0.00
	211	GS SEC	445,826.92	52,036.46	393,790.46	2,315,608	0	6,097.0	252	0	0	19.25	17.01	0.00
	214	GS - AF	163,419.93	21,664.45	141,755.48	980,907	0	22,293.8	59	0	0	16.66	14.45	0.00
	215	GS SEC	3,395,452.73	457,864.28	2,937,588.45	20,311,202	0	81,281.6	222	0	0	16.72	14.46	0.00
	217	GS PRI	4,990.07	591.79	4,398.28	27,540	0	72.0	1	0	0	18.12	15.97	0.00
	223	GS LM ON	7,589.89	865.39	6,724.50	57,920	44,080	0.0	1	0	0	13.10	11.61	0.00
	240	LGS SEC	2,522,409.77	386,947.35	2,135,462.42	16,103,704	0	54,794.0	29	0	0	15.66	13.26	0.00
	244	LGS PRI	629,625.76	101,785.22	527,840.54	4,358,680	0	16,838.0	4	0	0	14.45	12.11	0.00
	260	PS SEC	14,037,375.76	2,027,150.32	12,010,225.44	87,508,342	0	338,407.0	138	0	0	16.04	13.72	0.00
	264	PS PRI	248,086.32	38,437.93	209,648.39	1,758,000	0	6,687.0	1	0	0	14.11	11.93	0.00
	358	IGS PRI	433,210.48	80,340.83	352,869.65	3,516,600	0	8,921.0	1	0	0	12.32	10.03	0.00
	359	IGS SUB	269,719.67	44,941.17	224,778.50	1,865,500	0	5,974.0	1	0	0	14.46	12.05	0.00
213 - Sumr	nary		22,424,206.73	3,242,415.96	19,181,790.77	140,029,475	44,080	541,365.4	708	265	790	16.01	13.70	8,970.82
216	093	OL 175 MV	6,380.20	662.29	5,717.91	27,261	0	0.0	0	22	32	23.40	20.97	0.00
	094	OL 100 HP	29,614.59	2,224.27	27,390.32	92,467	0	0.0	0	119	192	32.03	29.62	855.84
	095	OL 400 MV	5,129.54	647.45	4,482.09	26,544	0	0.0	0	8	14	19.32	16.89	0.00
	097	OL 200 HP	28,626.50	2,930.99	25,695.51	120,579	0	0.0	0	53	120	23.74	21.31	1,808.40
	098	OL 400 HP	41,126.94	5,074.27	36,052.67	208,013	0	0.0	0	15	104	19.77	17.33	2,317.56
	107	OL 200HPF	42,164.27	3,972.09	38,192.18	163,106	0	0.0	0	93	161	25.85	23.42	1,781.45
	109	OL400 HPF	193,203.86	23,620.00	169,583.86	968,713	0	0.0	0	199	485	19.94	17.51	4,999.99
	110	OL 250 MH	6,089.82	586.98	5,502.84	24,080	0	0.0	0	7	20	25.29	22.85	67.32
	111	OL100 HPP	66,197.51	2,917.14	63,280.37	126,600	0	0.0	0	33	267	52.29	49.98	249.12
	113	OL 150 HP	62,269.05	5,294.99	56,974.06	215,249	0	0.0	0	146	308	28.93	26.47	6,705.90
	116	OL 400 MH	39,811.08	4,451.11	35,359.97	183,483	0	0.0	0	22	97	21.70	19.27	1,216.06
	120	OL 250HPP	479.97	30.16	449.81	1,236	0	0.0	0	1	1	38.83	36.39	0.00

AEP Internal Page 56 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 0102:18 AM
GO TO TOC

State: KY December 2022

State : KY												Decembe	1 2022	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
216	122	OL150 HPP	17,424.15	755.04	16,669.11	30,976	0	0.0	0	7	44	56.25	53.81	0.00
	131	OL 1000MH	6,977.07	988.20	5,988.87	40,622	0	0.0	0	7	9	17.18	14.74	67.32
	150	55W LEDOL	6,914.68	415.38	6,499.30	15,839	0	0.0	0	33	61	43.66	41.03	568.20
	165	146WLEDOL	2,098.41	98.78	1,999.63	3,536	0	0.0	0	1	5	59.34	56.55	168.30
	166	297WLEDOL	2,123.28	213.70	1,909.58	6,665	0	0.0	0	1	4	31.86	28.65	0.00
	204	GS-MTRD	12,323.66	371.14	11,952.52	11,601	0	0.0	49	0	0	106.23	103.03	0.00
	211	GS SEC	3,086,592.37	357,810.19	2,728,782.18	15,360,977	75,313	31,511.7	2,142	0	0	20.09	17.76	0.00
	213	GS-UMR	118,548.08	14,002.57	104,545.51	492,100	0	0.0	149	0	0	24.09	21.24	0.00
	214	GS - AF	61,167.79	8,390.90	52,776.89	371,190	0	7,983.4	20	0	0	16.48	14.22	0.00
	215	GS SEC	10,270,367.06	1,467,226.93	8,803,140.13	62,134,105	0	229,109.0	757	0	0	16.53	14.17	0.00
	217	GS PRI	99,704.49	11,143.06	88,561.43	450,150	0	5,535.5	4	0	0	22.15	19.67	0.00
	218	GS M SEC	34,263.75	4,699.47	29,564.28	211,280	0	685.6	1	0	0	16.22	13.99	0.00
	223	GS LM ON	3,130.99	335.60	2,795.39	16,328	9,760	0.0	2	0	0	19.18	17.12	0.00
	225	GS LM TOD	103,677.75	16,242.32	87,435.43	688,725	428,289	0.0	6	0	0	15.05	12.70	0.00
	229	GS-TOD	301,467.89	49,078.60	252,389.29	2,032,439	1,362,356	0.0	28	0	0	14.83	12.42	0.00
	240	LGS SEC	8,460,040.15	1,404,815.22	7,055,224.93	58,472,868	0	147,631.0	62	0	0	14.47	12.07	0.00
	242	LGS M SEC	819,859.71	138,374.19	681,485.52	5,752,080	0	13,676.0	6	0	0	14.25	11.85	0.00
	244	LGS PRI	560,682.21	100,783.80	459,898.41	4,089,400	0	12,732.0	4	0	0	13.71	11.25	0.00
	246	LGS M PRI	90,943.02	16,700.98	74,242.04	662,940	0	2,015.0	1	0	0	13.72	11.20	0.00
	251	LGS-LM-TD	27,157.81	5,338.13	21,819.68	165,888	90,816	0.0	1	0	0	16.37	13.15	0.00
	256	LGSSECTOD	291,321.00	55,739.63	235,581.37	2,321,920	1,415,552	4,050.0	2	0	0	12.55	10.15	0.00
	358	IGS PRI	2,605,391.92	561,083.91	2,044,308.01	23,224,800	0	47,278.0	4	0	0	11.22	8.80	0.00
	540	MW	255,677.76	42,634.48	213,043.28	1,805,276	0	2,834.4	9	0	0	14.16	11.80	0.00
216 - Sumr	mary		27,758,948.33	4,309,653.96	23,449,294.37	180,519,036	3,382,086	505,041.6	3,247	767	1,923	15.38	12.99	20,805.46
221	093	OL 175 MV	1,389.47	142.54	1,246.93	5,927	0	0.0	0	7	7	23.44	21.04	0.00
	094	OL 100 HP	8,818.36	679.95	8,138.41	27,998	0	0.0	0	30	58	31.50	29.07	134.64
	095	OL 400 MV	1,099.40	138.83	960.57	5,688	0	0.0	0	2	3	19.33	16.89	0.00
	097	OL 200 HP	7,803.84	842.42	6,961.42	34,549	0	0.0	0	9	34	22.59	20.15	179.70
	098	OL 400 HP	739.20	97.54	641.66	4,000	0	0.0	0	1	2	18.48	16.04	0.00

AEP Internal Page 57 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 01-02:18 AM
Go To TOC

State: KY December 2022

State : KY												Decembe	1 2022	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
221	107	OL 200HPF	7,709.33	730.87	6,978.46	30,520	0	0.0	0	14	31	25.26	22.87	160.59
	109	OL400 HPF	74,125.72	9,061.51	65,064.21	372,267	0	0.0	0	45	187	19.91	17.48	1,759.68
	110	OL 250 MH	1,803.92	176.22	1,627.70	7,224	0	0.0	0	1	6	24.97	22.53	0.00
	111	OL100 HPP	1,520.32	70.86	1,449.46	2,904	0	0.0	0	1	6	52.35	49.91	0.00
	113	OL 150 HP	8,875.71	757.10	8,118.61	31,585	0	0.0	0	22	45	28.10	25.70	754.06
	116	OL 400 MH	14,365.49	1,625.09	12,740.40	68,464	0	0.0	0	12	37	20.98	18.61	0.00
	131	OL 1000MH	2,879.23	390.03	2,489.20	16,888	0	0.0	0	2	4	17.05	14.74	0.00
	150	55W LEDOL	1,083.98	60.92	1,023.06	2,367	0	0.0	0	6	9	45.80	43.22	134.64
	166	297WLEDOL	269.71	37.00	232.71	903	0	0.0	0	0	0	29.87	25.77	0.00
	204	GS-MTRD	1,968.26	216.22	1,752.04	8,949	0	0.0	3	0	0	21.99	19.58	0.00
	211	GS SEC	698,910.78	78,641.60	620,269.18	3,343,658	0	3,838.0	563	0	0	20.90	18.55	0.00
	215	GS SEC	1,979,232.66	278,263.56	1,700,969.10	11,775,084	0	46,743.0	143	0	0	16.81	14.45	0.00
	217	GS PRI	124,009.12	17,905.49	106,103.63	751,030	0	2,814.5	11	0	0	16.51	14.13	0.00
	220	GSCC PRI	187,036.08	29,526.78	157,509.30	1,262,390	0	2,577.8	11	0	0	14.82	12.48	0.00
	240	LGS SEC	4,015,647.11	551,833.50	3,463,813.61	23,265,316	0	106,782.0	35	0	0	17.26	14.89	0.00
	244	LGS PRI	2,939,132.27	503,559.64	2,435,572.63	21,410,550	0	67,853.0	15	0	0	13.73	11.38	0.00
	248	LGS SUB	295,081.13	72,744.14	222,336.99	2,884,000	0	6,580.0	1	0	0	10.23	7.71	0.00
	331	CS-IRP ST	6,705,501.00	0.00	6,705,501.00	136,536,000	-10,248,000	19,200.0	1	0	0	4.91	4.91	0.00
	332	CS-IRP TR	1,700,944.12	410,859.12	1,290,085.00	17,094,000	0	47,418.0	1	0	0	9.95	7.55	0.00
	358	IGS PRI	7,706,205.07	1,693,473.04	6,012,732.03	70,833,600	0	139,544.0	10	0	0	10.88	8.49	0.00
	359	IGS SUB	8,717,463.50	1,035,612.98	7,681,850.52	45,089,185	0	204,517.0	5	0	0	19.33	17.04	0.00
	360	IGS	1,200,843.63	211,829.41	989,014.22	9,216,000	0	44,175.0	1	0	0	13.03	10.73	0.00
	370	IGS	1,260,060.19	346,458.69	913,601.50	14,839,200	0	24,292.8	1	0	0	8.49	6.16	0.00
	371	IGS	95,066,351.25	29,569,176.73	65,497,174.52	1,231,098,000	0	1,824,722.0	4	0	0	7.72	5.32	0.00
	372	IGS	17,181,240.44	5,155,175.37	12,026,065.07	216,024,000	0	341,614.0	1	0	0	7.95	5.57	0.00
221 - Sumr	mary		149,912,110.29	39,970,087.15	109,942,023.14	1,806,042,246	-10,248,000	2,882,671.1	805	152	429	8.30	6.09	3,123.31
222	097	OL 200 HP	645.11	55.63	589.48	2,707	0	0.0	0	2	3	23.83	21.78	28.66
	107	OL 200HPF	248.69	24.70	223.99	1,012	0	0.0	0	1	1	24.57	22.13	0.00
	109	OL400 HPF	3,310.15	419.76	2,890.39	16,869	0	0.0	0	5	8	19.62	17.13	48.00

AEP Internal Page 58 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 0102:18 AM
GO TO TOC

State: KY

State : KY												Decembe	1 2022	
												Reali	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
222	113	OL 150 HP	1,895.90	147.60	1,748.30	6,270	0	0.0	0	5	9	30.24	27.88	269.28
	211	GS SEC	61,653.32	7,303.68	54,349.64	324,272	0	1,149.9	24	0	0	19.01	16.76	0.00
	215	GS SEC	355,364.28	45,215.25	310,149.03	2,147,016	0	8,677.2	25	0	0	16.55	14.45	0.00
	220	GSCC PRI	32,971.38	4,842.83	28,128.55	214,200	0	606.0	2	0	0	15.39	13.13	0.00
	240	LGS SEC	1,314,168.40	195,847.57	1,118,320.83	8,415,520	0	29,845.0	7	0	0	15.62	13.29	0.00
	244	LGS PRI	352,000.57	62,649.94	289,350.63	2,877,600	0	5,892.0	1	0	0	12.23	10.06	0.00
	251	LGS-LM-TD	1,296.48	14.14	1,282.34	600	400	0.0	1	0	0	216.08	213.72	0.00
	358	IGS PRI	993,466.01	215,080.94	778,385.07	9,374,400	0	18,830.0	1	0	0	10.60	8.30	0.00
222 - Sumi	nary		3,117,020.29	531,602.04	2,585,418.25	23,380,466	400	65,000.1	62	13	21	13.33	11.06	345.94
230	094	OL 100 HP	935.03	72.60	862.43	3,041	0	0.0	0	5	6	30.75	28.36	0.00
	095	OL 400 MV	366.13	46.19	319.94	1,896	0	0.0	0	1	1	19.31	16.87	0.00
	097	OL 200 HP	4,895.29	517.79	4,377.50	21,252	0	0.0	0	3	21	23.03	20.60	192.00
	107	OL 200HPF	1,022.21	98.64	923.57	4,048	0	0.0	0	3	4	25.25	22.82	24.00
	109	OL400 HPF	12,437.13	1,510.61	10,926.52	62,000	0	0.0	0	12	31	20.06	17.62	384.60
	113	OL 150 HP	4,540.87	405.71	4,135.16	16,746	0	0.0	0	14	24	27.12	24.69	269.28
	116	OL 400 MH	791.31	92.37	698.94	3,792	0	0.0	0	1	2	20.87	18.43	0.00
	150	55W LEDOL	305.33	20.32	285.01	775	0	0.0	0	3	3	39.40	36.78	0.00
	211	GS SEC	60,909.42	6,564.95	54,344.47	293,613	0	551.3	49	0	0	20.74	18.51	0.00
	215	GS SEC	361,943.09	44,483.06	317,460.03	2,075,741	0	10,342.0	51	0	0	17.44	15.29	0.00
	217	GS PRI	3,253.23	89.55	3,163.68	3,960	0	9.0	2	0	0	82.15	79.89	0.00
	220	GSCC PRI	422,665.36	64,286.78	358,378.58	2,658,150	0	8,570.6	24	0	0	15.90	13.48	0.00
	236	GSCC SUB	78,061.16	10,252.56	67,808.60	483,350	0	1,067.1	3	0	0	16.15	14.03	0.00
	240	LGS SEC	439,359.82	45,010.21	394,349.61	2,001,912	0	15,817.0	7	0	0	21.95	19.70	0.00
	244	LGS PRI	4,485,311.95	633,793.20	3,851,518.75	26,235,370	296,400	146,819.0	25	0	0	17.10	14.68	0.00
	248	LGS SUB	265,113.90	64,791.77	200,322.13	2,731,000	0	4,797.0	1	0	0	9.71	7.34	0.00
	257	LGSPRITOD	376,501.75	60,633.20	315,868.55	2,865,510	1,744,800	7,443.0	2	0	0	13.14	11.02	0.00
	330	CS-IRP PR	4,120,905.91	668,868.71	3,452,037.20	28,108,101	0	98,167.0	5	0	0	14.66	12.28	0.00
	333	CS-IRP	4,381,285.97	1,200,957.18	3,180,328.79	50,208,000	0	127,824.0	1	0	0	8.73	6.33	0.00
	358	IGS PRI	10,582,193.92	1,566,497.09	9,015,696.83	66,799,250	-143,500	219,752.6	8	0	0	15.84	13.50	0.00

AEP Internal Page 59 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Prepared: 01/08/2023 0102:18 AM
Go To TOC

State: KY

												Realiz	zation	
Rev Class	Tariff		Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
230	359	IGS SUB	5,989,563.37	1,170,219.50	4,819,343.87	49,970,400	0	151,909.0	4	0	0	11.99	9.64	0.00
230 - Summary			31,592,362.15	5,539,211.99	26,053,150.16	234,547,907	1,897,700	793,068.6	182	42	92	13.47	11,11	869.88
400	093	OL 175 MV	404.20	42.18	362.02	1,728	0	0.0	0	1	2	23.39	20.95	0.00
	094	OL 100 HP	598.80	47.23	551.57	1,936	0	0.0	0	2	4	30.93	28.49	0.00
	107	OL 200HPF	248.65	24.69	223.96	1,012	0	0.0	0	1	1	24.57	22.13	0.00
	109	OL400 HPF	9,132.16	1,121.24	8,010.92	46,000	0	0.0	0	7	23	19.85	17.42	201.96
	111	OL100 HPP	23,301.69	1,084.28	22,217.41	44,528	0	0.0	0	19	92	52.33	49.90	0.00
	113	OL 150 HP	868.36	68.66	799.70	2,816	0	0.0	0	2	4	30.84	28.40	134.64
	122	OL150 HPP	3,167.54	137.18	3,030.36	5,632	0	0.0	0	2	8	56.24	53.81	0.00
	131	OL 1000MH	770.11	110.69	659.42	4,540	0	0.0	0	1	1	16.96	14.52	0.00
	204	GS-MTRD	1,720.90	0.22	1,720.68	12	0	0.0	8	0	0	14,340.83	14,339.00	0.00
	211	GS SEC	142,332.73	9,121.52	133,211.21	366,059	0	161.2	240	0	0	38.88	36.39	0.00
	213	GS-UMR	234.22	1.44	232.78	60	0	0.0	1	0	0	390.37	387.97	0.00
	215	GS SEC	77,219.00	10,613.50	66,605.50	455,549	0	1,932.7	6	0	0	16.95	14.62	0.00
	528	SL	1,928,885.79	203,812.12	1,725,073.67	8,436,096	0	0.0	54	0	0	22.86	20.45	0.00
400 - Sumn	nary		2,188,884.15	226,184.95	1,962,699.20	9,365,968	0	2,093.9	309	35	135	23.37	20.96	336.60
KY - Summ	ary		698,011,927.90	123,421,392.59	574,590,535.31	5,358,481,005	-25,020,938	7,457,573.5	164,184	46,132	54,895	13.03	10.72	297,136.29

AEP Internal Page 60 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS

12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

Open Access Distribution

KPSC Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023

Item No. 102 Attachment 2 Page 61 of 64

Prepared: 01/08/2023

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Go To TOC

December 2022

										Realization			
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 61 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS

12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

Standard Service Offer

KPSC Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023

Item No. 102 Attachment 2 Page 62 of 64

Prepared: 01/08/2023

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December 2022

	Realization										ion		
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 62 of 64



TARIFF SUMMARY REVENUE- ALL REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01:02-186-64

December 2022

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												Realizat	tion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 63 of 64



TARIFF SUMMARY REVENUE- BY REVENUE CLASS 12 MONTHS BILLED + ESTIMATED - MCSR0162 - FINAL

KPSC Case No. 2023-00159
Commission Staff's Second Set of Data Requests
Dated August 14, 2023
Item No. 102
Attachment 2
Prepared: 01/08/2023 01:02:186 AM of 64
Go To TOC

December 2022

												Realizat	tion
Rev Class	Tariff	Revenue	Fuel Clause	Revenue Excl Fuel Clause	Metered KWH	Off Pk KWH	Billing Demand	# Of Cust Incl	# Of Cust Excl	# Of Lamps	Incl Fuel	Excl Fuel	Facility Charge
Grand To	otal	0.00	0.00	0.00	0	0	0.0	0	0	0	0.00	0.00	0.00

AEP Internal Page 64 of 64

Kentucky Power Company KPSC Case No. 2023-00159 Commission Staff's Second Set of Data Requests Dated August 14, 2023

DATA REQUEST

KPSC Provide a copy of each cost-of-service study and billing analysis filed with
 2_103 the utility's rate application in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

RESPONSE

See the Company's response and associated attachments to KPSC 2-1. Specifically, see KPCO_R_KPSC_2_1_Attachments 2, 13-17, 21-42, and 57-59 for the requested information.

Witness: Katharine I. Walsh

Witness: Jaclyn N. Cost

The undersigned, Michael J. Adams, being duly sworn, deposes and says that he is a Senior Vice President, for Concentric Energy Advisors, Incorporated, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

	Michael . Chams
Ī	Michael J. Adams
State of Massachusetts) County of Worcester)	Case No. 2023-00159
Subscribed and sworn to befo and State, by Michael J. Adams, on _A	ore me, a Notary Public in and before said County August 28, 2023
Januar Jasam M	
Notary Public Laureen Sasseville	
My Commission Expires 10/19/2023	
Notary ID Number n/a	

The undersigned, Scott E. Bishop, being duly sworn, deposes and says he is the Regulatory Consultant Senior for Kentucky Power, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of her information, knowledge, and belief.

	Scott 8. Byhor					
	Scott E. Bishop					
Commonwealth of Kentucky)	Case No. 2023-00159					
County of Boyd)	Case No. 2023-00139					

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Scott E. Bishop, on August 22,2023.

Marilian Mithelle Caldwell

My Commission Expires Way 5, 2027

Notary ID Number KYNP 71841

MARILYN MICHELLE CALDWELL
Notary Public
Commonwealth of Kentucky
Commission Number KYNP71841
My Commission Expires May 5, 2027





Blankenship Verification Form.doc

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August 25, 2023 06:02:22 -8:00

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E-Signature Summary

E-Signature 1: Stephen D Blankenship (SDB)

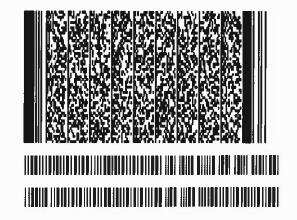
August 25, 2023 09:43:45 -8:00 [446055C86D84] [104.28.39.144] sdblankt@aep.com (Principal) [Personally Known]

E-Signature Notary: Marilyn Michelle Caldwell (MMC)

August 25, 2023 09:43:45 -8:00 [29108EF33F8A] [167.239.221.106]

mmcaldwell@aep.com

I, Marilyn Michelle Caldwell, did witness the participants named above electronically sign this document.



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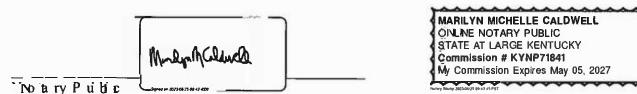
VERIFICATION

The undersigned, Stephen D. Blankenship, being duly sworn, deposes and says he is the Region Support Manager, for Kentucky Power, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

		Stephen D Blankenship
		Stephen D. Blankenship
Commonwealth of Kentucky County of Boyd))	Case No. 2023-00159

Subscribed and sworn to before me, a Notary Public in and before said County

and State, by Stephen D. Blankenship, on August 24, 2023



Notarial act performed by audio-visual communication

Notary ID Number KYNP71841

My Commission Expires May 5, 2027







Burkholder Verification Form.doc

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Created: August 21, 2023 08:17:09 -8:00

Pages:

Yes/ State: KY Remote Notary:

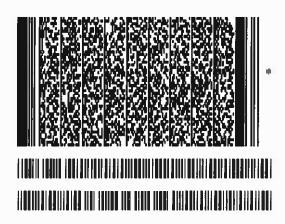
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E-Signature Summary

E-Signature 1: Joshua Burkholder (JDB) August 21, 2023 08:30:04 -8:00 [7DE2907E0743] [167.239.221.104] jburkholder@aep.com (Principal) (Personally Known)

E-Signature Notary: Marilyn Caldwell (MMC) August 21, 2023 08:30.04 -8:00 [4AF8F4256A8B] [167.239.221.106] mmcaldwell@aep.com I, Marilyn Caldwell, did witness the parti cipants named above electronically sign this document.



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60468FD7.CF3E-4534.9DD9-FE3492B27506 = 2923/08/21.05:17:09 -8:00 -- Remote Notary

VERIFICATION

The undersigned, Joshua D. Burkholder, being duly sworn, deposes and says he is the Managing Director of Transmission RTO Policy, for American Electric Power Service Corporation, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

	Joshua D. Bu	TO COM SWELD SHOW AND SWELD SHOW AND SWELD SHOW AND SWELD SHOW AND SWELD SWEL	
Commonwealth of Kentucky) Case No. 2023-0	00159	
County of Boyd)		
Subscribed and swor	n to before me, a Notar	y Public in and before said County	
and State, by Joshua D. Burk	holder, on		
A		·	
Monday II	Coleman Coleman	MARILYN MICHELLE CALDWELL QULINE NOTARY PUBLIC STATE AT LARGE KENTUCKY Commission # KYNP71841	
Notary Public		My Commission Expires May 05, 2027	-
		Notarial act performed by audio-visual communication	
My Commission Expires May	7 5, 2027		



Notary ID Number KYNP71841

The undersigned, Andrew R. Carlin, being duly sworn, deposes and says he is the Director of Executive Compensation and Benefits for American Electric Power Service Corporation, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

Andrew R. Carlin
State of Ohio) Case No. 2023-00159
Subscribed and sworn to before me, a Notary Public in and before said County
and State, by Andrew R. Carlin, on August 24, 20 13.
Notary Public MARTIN ROSENTHAL Attorney at Law Notary Public, State of Ohio My Commission Has No Expiration Section 147.03 R.C.
My Commission Expires
Notary ID Number

The undersigned, Amanda C. Clark, being duly sworn, deposes and says she is the External Affairs Manager for Kentucky Power, that she has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of her information, knowledge, and belief.

Amanda C. Clark

Commonwealth of Kentucky)

Case No. 2023-00159

County of Boyd)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Amanda C. Clark, on August 21, 2023

MARILYN MICHELLE CALDWELL Notary Public Commonwealth of Kentucky Commission Number KYNP71841

My Commission Expires May 5, 2027

Notary Public State
The undersigned, Stevi N. Cobern, being duly sworn, deposes and says she is the Customer Services Supervisor for Kentucky Power, that she has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of her information, knowledge, and belief.

		Stevi h. Cobern	
		Stevi N. Cobern	
Commonwealth of Kentucky)	Case No. 2023-00159	
County of Boyd)	Cuse 146. 2023-00137	

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Stevi N. Cobern, on August 16, 2023.

Marilyn Wickelle Coldwell

MARILYN MICHELLE CALDWELL Notary Public Commonwealth of Kentucky Commission Number KYNP7 1841 My Commission Expires May 5, 2027

My Commission Expires Way 5, 2027

Notary ID Number KYN P71841

The undersigned, Jaclyn N. Cost, being duly sworn, deposes and says she is the Regulatory Consultant Senior for American Electric Power Service Corporation, that she has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of her information, knowledge, and belief.

Jaclyn A. Cost	
Case No. 2023-00159	
Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jaclyn N. Cost, on 8/24/23.	
Notary Public	
My Commission Expires Paul D. Flory Attorney At Law Notary Public, State of Ohlo My commission has no expiration of Sec. 147.03 R.C.	date
Notary ID Number	

The undersigned, Lerah M. Kahn, being duly sworn, deposes and says she is the Manager of Regulatory Services for Kentucky Power, that she has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of her information, knowledge, and belief.

		Lerah M. Kahn	
Commonwealth of Kentucky)	Case No. 2023-00159	
County of Boyd)	Case INU. 2023-00139	

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Lerah M. Kahn, on August 21, 2023.

Marshy Mirhelle Caldwelle Notary Public)

MARILYN MICHELLE CALDWELL
Notary Public
Commonwealth of Kentucky
Commission Number KYNP71841
My Commission Expires May 5, 2027

My Commission Expires Way 5, 2027

Notary IDNmb er KYNP71841

The undersigned, Timothy C. Kerns, being duly sworn, deposes and says he is the Vice President of Generating Assets, for Appalaehian Power Company and Wheeling Power Company, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

Timothy G. Kerns

Commonwealth of Kentucky)

Case No. 2023-00159

County of Boyd

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Timothy C. Kerns, on August 24,20,23

Notary Public

SCOTT E. BISHOP Notary Public Commonwealth of Kentucky Commission Number KYNP32110 My Commission Expires Jun 24, 2025

My Commission Expires June 24, 2025

Notary ID Number KYNP 32 110

The undersigned, Adrien M. McKenzie, being duly sworn, deposes and says he is the President of FINCAP, Incorporated, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

	I MI	
	Adrien M. McKenzie	
State of Texas County of Travis) Case No. 2023-00159	
Subscribed and swo and State, by Adrien M. Mc	orn to before me, a Notary Public Kenzie, on 8/25/2023	in and before said County
Notary Public My Commission Expires	2/8/2007	BRUCE HARCUM FAIRCHILD Notary ID #1319 06507 My Commission Expires February 25, 2027
Notary ID Number	906507	

The undersigned, Franz D. Messner, being duly sworn, deposes and says he is the Managing Director of Corporate Finance for American Electric Power Service Corporation, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

	Franz D. Messner
County of Franklin) State of Ohio	Case No. 2023-00159
Subscribed and sworn to be and State, by <u>Franz D. Messner</u> , on	August 23rd, 2003.
Notary Public	COURT OF THE PROPERTY OF THE P
My Commission Expires	10 to 107 05 0. The state of th

Notary ID Number N.A.





Niehaus Verification Form.doc

DocVerify ID: DCBABDEE-BC63-4E98-A7D2-8D9471A0B4C8

Created: August 25, 2023 07:19:56 -8:00

Pages:

Remote Notary: Yes/ State: KY

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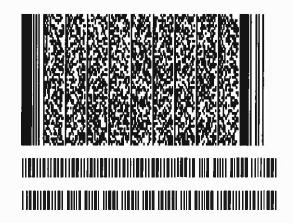
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E-Signature Summary

E-Signature 1: Katrina Tiare Niehaus (KTN) August 25, 2023 09:28:05 -8:00 [2B1090F1E643] [5.148.2.169] Katrina.Niehaus@gs.com (Principal) (Personally Known)

E-Signature Notary: Marilyn Michelle Caldwell (MMC)
August 25, 2023 09:28:05 -8 00 [65611A9C6FC9] [167.239.221.106]
mmcaldwell@aep.com
I, Marilyn Michelle Caldwell, did witness the participants named above

 Marilyn Michelle Caldwell, did witness the participants named above electronically sign this document.



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The undersigned, Katrina T. Niehaus, being duly sworn, deposes and says she is the Managing Director, Head of Corporate Asset Backed Securities Finance Group, for Goldman, Sachs and Company, that she has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of her information, knowledge, and belief.

	Katrina Tiore Niehaus Syrus on Asse 100 25 00 00 00 00
	Katrina T. Niehaus
) Case No. 2023-00159
Subscribed and sworn to be	fore me, a Notary Public in and before said County
and State, by Katrina T. Niehaus, on	MARILYN MICHELLE CALDWELL ÕINLINE NOTARY PUBLIC STATE AT LARGE KENTUCKY Commission # KYNP71841 My Commission Expires May 05, 2027
Notary Frib le	Notarial act performed by aud o-visual communication
My Commission Expires	



Notary ID Number

The undersigned, Everett G. Phillips, being duly sworn, deposes and says he is the Vice President, Distribution Region Operations for Kentucky Power, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

		Everett G. Phillips	
Commonwealth of Kentucky)	C N 2022 00150	
County of Boyd)	Case No. 2023-00159	

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Everett G. Phillips, on August 21, 2023

Marilyn Modelle Caldwelle

MARILYN MICHELLE CALDWELL
Notary Public
Commonwealth of Kentucky
Commission Number KYNP7:1841
My Commission Expires May 5, 2027

My Commission Expires May 5,2027

Notary ID Number KYNP71841





Schlessman Verification Form.doc

DocVerify ID: 2E85E32D-0658-408C-8AF2-8BCF1948598D

Created: August 24, 2023 09:51:47 -8:00

Pages: 1

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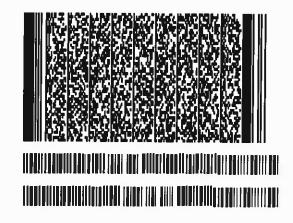
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E-Signature Summary

E-Signature 1: Linda Schlessman (LS)

August 24, 202312:06:37 -8:00 [018AB5B3E8F0] [167,239,221,101]
Imschlessman@aep.com (Principal) (Personally Known)

E-Signature Notary: Marilyn Michelle Caldwell (MMC)
August 24, 2023 12:06:37 -8:00 [A6A28C508DC3] [167.239.221.106]
mmcaldwell@aep.com
I, Marilyn Mchelle Caldwell, did witness the participants named above electronically sign this document.



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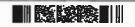


2E85E32D (655-408C-8AF2-8BCF1948598D 2023/08/24 09:51.47 -8:00 Remote Notary

VERIFICATION

The undersigned, Linda M. Schlessman, being duly sworn, deposes and says she is the Tax Accounting and Regulatory Support Manager for American Electric Power Service Corporation, that she has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of her information, knowledge, and belief.

Linda Schlessman
Linda M. Schlessman
Commonwealth of Kentucky) Case No. 2023-00159 County of Boyd)
Subscribed and sworn to before me, a Notary Public in and before said County and State, by Linda M. Schlessman, onAugust 24, 2023
Notary Public MARILYN MICHELLE CALDWELL ÖNLINE NOTARY PUBLIC STATE AT LARGE KENTUCKY Commission # KYNP71841 My Commission Expires May 05, 2027
My Commission Expires May 5, 2027 Notarial act performed by audio-visual communication
Notary ID Number KYNP71841







Spaeth Verification Form.doc

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Created: August 24, 2023 07:11:25 -8:00

Pages: 1

Remote Notary: Yes / State: KY

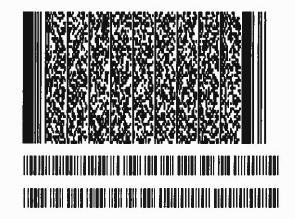
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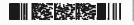
E-Signature Summary

E-Signature 1: Michael M Spaeth (MMS)
August 24, 2023 07:35:10 -8:00 [104F2A24BA66] [167.239.221.107]
mmspaeth@aep.com (Principal) (Personally Known)

E-Signature Notary: Marilyn Michelle Caldwell (MMC)
August 24, 2023 07:35:10-8:00 [149CA74924B4] [167_239.221.106]
mmcaldwell@aep.com
I, Marilyn Michelle Caldwell, did witness the participants named above electronically sign this document.



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E7A85EB-EDA5-438A-809D-7628335E409A -- 2023/08/24 07:11:25 -8:00 --- Remote Notary

VERIFICATION

The undersigned, Michael M. Spaeth, being duly sworn, deposes and says he is the Regulatory Pricing and Analysis Manager for American Electric Power Service Corporation, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

		Michael M Spaeth Approx J. 202.000001 87 12 19 8 898	
		Michael M. Spaeth	
Commonwealth of Kentucky)	Case No. 2023-00159	
County of Boyd)	Case 110/ 2023 (013)	

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Michael M. Spaeth, on August 24, 2023.

	Mulyally Colonelle	MARILYN MICHELLE CALDWELL ÔNLINE NOTARY PUBLIC
Notary Public		STATE AT LARGE KENTUCKY Commission # KYNP71841 My Commission Expires May 05, 2027

My Commission Expires May 5, 2027

Notarial act performed by audio-visual communication

Notary ID Number KYNP71841



The undersigned, Alex E. Vaughan, being duly sworn, deposes and says he is the Managing Director – Renewables and Fuel Strategy for American Electric Power Service Corporation, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.
Alex E.Vaughan
Franklin (ounly) Ohio) Case No. 2023-001 59
Subscribed and sworn to before me, a Notary Public in and before said County and State, by AlexE. Vaughan, on 8/24/.23.
Notary Public Paul D. Flory
My Commission By Sec. 147.03 R.C.
Notary IDNumber

The undersigned, Katharine I. Walsh, being duly sworn, deposes and says she is the Director, Regulatory Pricing and Analysis for American Electric Power Service Corporation, that she has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of her information, knowledge, and belief.

Katharine I. Walsh	
Case No. 2023-00159	
Subscribed and sworn to before me, a Notary Public in and before said County and State, by Katharine I. Walsh, on	
Notary Public	
My Commission Expires Paul D. Flory Attorney At Law Notary Public, State of Oh My commission has no explasion Notary ID Number Notary ID Number	io on da

Thursdriver 1 (1200 less)

The undersigned, Brian K. West, being duly sworn, deposes and says he is the Vice President, Regulatory & Finance for Kentucky Power, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

Commonwealth of Kentucky

Case No. 2023-00159

County of Boyd

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Brian K. West, on August 22, 2023.

Marily Michelle Caldwell Notary Publico

My Commission Expires Way 5, 2027

Notary ID Number KYNP 71841

MARILYN MICHELLE CALDWELL
Notary Public
Commonwealth of Kentucky
Commission Number KYNP7,1841
My Commission Expires May 5, 2027





Whitney Verification Form.doc

DocVerify ID: 94DCC9DA-C421-478A-94B3-0E8D6A18F62C

Created: August 24, 2023 09:46:02 -8:00

Pages:

Remote Notary: Yes/ State: KY

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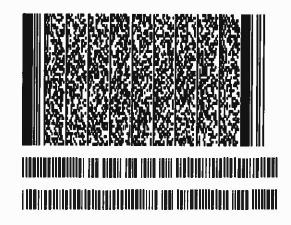
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E-Signature Summary

E-Signature 1: Heather M. Whitney (HMW) August 24, 2023 10:39:14 -8:00 [F3B4A9949441] [167.239.221.104] hmwhitney@aep.com (Principal) (Personally Known)

E-Signature Notary: Marilyn Michelle Caldwell (MMC) August 24, 202310:39:14-8:00 [6D895CD8F423] [167,239,221,106] mmcaldwell@aep.com

I, Marilyn Michelle Caldwell, did witness the participants named above electronically sign this document.



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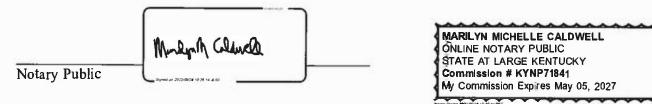
VERIFICATION

The undersigned, Heather M. Whitney, being duly sworn, deposes and says she is a Director in Regulatory Accounting Services for American Electric Power Service Corporation, that she has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of her information, knowledge, and belief.

	Heather M. Whitney Symmetry 2017 2019 10 10 10 10 10	
	Heather M. Whitney	
Commonwealth of Kentucky) County of Boyd)	Case No. 2023-00159	

Subscribed and sworn to before me, a Notary Public in and before said County

and State, by Heather M. Whitney, on August 24, 2023



Notarial act performed by audio-visual communication

My Commission Expires May 5, 2027

Notary ID Number KYNP71841



The undersigned, Cynthia G. Wiseman, being duly sworn, deposes and says she is the President and Chief Operating Officer for Kentucky Power, that she has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of her information, knowledge, and belief

		an meall Charton
		Cynthia G. Wiseman
Commonwealth of Kentucky)	Case No. 2023-001 59
County of Boyd)	Case 140. 2023*00137

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Cynthia G. Wiseman, on August 21,2023.

Marily Michelle Caldwell

MARILYN MICHELLE CALDWELL Notary Public Commonwealth of Kentucky Commission Number KYNP 7.1841 My Commission Expires May 5, 2027

My Commission Expires Way 5, 2027

Notary ID Number KYNP 718 41