

PROJECT NO. 27290

PUC RULEMAKING PROCEEDING	§	
TO REVISE SUBSTANTIVE RULE	§	PUBLIC UTILITY COMMISSION
§25.193, DISTRIBUTION SERVICE	§	
PROVIDER TRANSMISSION COST	§	OF TEXAS
RECOVERY FACTORS (TCRF)	§	

**PROPOSAL FOR PUBLICATION OF AN AMENDMENT TO §25.193
AS APPROVED AT THE MARCH 21, 2003 OPEN MEETING**

The Public Utility Commission of Texas (commission) proposes an amendment to §25.193, relating to Distribution Service Provider Transmission Cost Recovery Factors (TCRF). The proposed amendment will modify the TCRF formula presented in §25.193(c). The current formula in §25.193(c) includes a "NL" component, which represents the new load of a distribution service provider (DSP), and a "BL" component, which represents the base load of the DSP. The proposed change replaces the "BL" component with the "NL" component. By removing the "BL" component from the formula, the TCRF will only reflect changes in wholesale transmission rates, and not be ratcheted upwards/downwards for changes in 4CP Load. Project Number 27290 is assigned to this proceeding.

Matthew Troxle, Senior Retail Market Analyst, Electric Division, has determined that for each year of the first five-year period the proposed section is in effect there will be no fiscal implications for state or local government as a result of enforcing or administering the section.

Mr. Troxle has determined that for each year of the first five years the proposed section is in effect the public benefit anticipated as a result of enforcing the section will be an increased match between the amount of revenues that DSPs collect from retail customers and the expenses that the DSPs pay to transmission service providers, thereby providing a more accurate tracking and pass through of wholesale transmission costs to the non-bypassable charges. There will be no adverse economic effect on small businesses or micro-businesses as a result of enforcing this section. There is no anticipated economic cost to persons who are required to comply with the section as proposed.

Mr. Troxle has also determined that for each year of the first five years the proposed section is in effect there should be no effect on a local economy, and therefore no local employment impact statement is required under Administrative Procedure Act §2001.022.

The commission staff will conduct a public hearing on this rulemaking, if requested pursuant to the Administrative Procedure Act, Texas Government Code §2001.029, at the commission's offices located in the William B. Travis Building, 1701 North Congress Avenue, Austin, Texas 78701 on Thursday, May 8, 2003 at 9:30 a.m. The request for a public hearing must be received within 21 days after publication.

Comments on the proposed amendment (16 copies) may be submitted to the Filing Clerk, Public Utility Commission of Texas, 1701 North Congress Avenue, PO Box 13326,

Austin, Texas 78711-3326, within 21 days after publication. Comments should be organized in a manner consistent with the organization of the proposed rule(s). The commission invites specific comments regarding the costs associated with, and benefits that will be gained by, implementation of the proposed section. The commission will consider the costs and benefits in deciding whether to adopt the section. All comments should refer to Project Number 27290.

This amendment is proposed under the Public Utility Regulatory Act, Texas Utilities Code Annotated §14.002 (Vernon 1998, Supplement 2003) (PURA), which provides the Public Utility Commission with the authority to make and enforce rules reasonably required in the exercise of its powers and jurisdiction; and specifically, PURA §35.006 requiring the commission to adopt rules relating to wholesale transmission service rates and access, and PURA §39.203(a) relating to transmission and distribution service.

Cross Reference to Statutes: Public Utility Regulatory Act §§14.002, 35.006, and 39.203(a).

§25.193. Distribution Service Provider Transmission Cost Recovery Factors (TCRF).

(a) – (b) (No change.)

(c) **TCRF Formula.** The TCRF for each class shall be computed pursuant to the following formula:

$\frac{(\sum \text{NWTR} * \text{NL} - \sum \text{BWTR} * \text{NLBL}) * \text{ALLOC}}{\text{BD}}$	
Where:	<p>\sum NWTR is the <u>summation of any</u> new wholesale transmission <u>rates of TSPs, rate</u> approved by the commission by order or pursuant to commission rules, <u>since the DSP's last rate case;</u></p>
	<p>\sum BWTR is the <u>summation of the</u> base wholesale transmission <u>rates of the TSPs represented in the NWTR, rate</u> used to develop the retail transmission <u>charges of the DSP, charge</u> in the <u>DSP's distribution service provider's</u> last rate case;</p>
	<p>NL is the <u>DSP's distribution service provider's individual 4CP load component of based on the total ERCOT 4CP load</u> information used to develop the NWTR, <u>and is from the previous calendar year;</u></p>
	<p><u>BL is the distribution service provider's load based on the 4-CP information used to develop the BWTR in the distribution service provider's last rate case.</u></p>
	<p>ALLOC is the class allocator approved by the commission to allocate the transmission revenue requirement among classes in the distribution service provider's last rate case, unless otherwise ordered by the commission; and,</p>
	<p>BD is each class' annual billing determinant (kWh, or kW, or kVa) for the previous calendar year.</p>

(d) – (e) (No change.)

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's authority to adopt.

**ISSUED IN AUSTIN, TEXAS ON THE 25TH DAY OF MARCH 2003 BY THE
PUBLIC UTILITY COMMISSION OF TEXAS
RHONDA G. DEMPSEY**