

**Notice of Application Requesting an Adjustment to
Energy Efficiency Cost Recovery Factor and Related Relief**

On April 29, 2011, AEP Texas North Company (TNC) filed an application with the Public Utility Commission of Texas (Commission) to approve an Energy Efficiency Cost Recovery Factor (EECRF) that will be in effect during 2012. Section 39.905 of the Public Utility Regulatory Act and Section 25.181 of the Commission's Substantive Rules provide for the Commission to authorize a utility to implement an EECRF and annually adjust it to ensure the timely and reasonable recovery of the utility's costs incurred in connection with satisfying energy efficiency goals established by the Texas Legislature. In August 2010, the Commission authorized TNC to place into effect during 2011 an EECRF designed to recover \$980,940 in energy efficiency costs, based on TNC's projected energy efficiency program costs to meet its energy efficiency objectives for 2011 and recovery of TNC's performance bonus for 2009.

TNC's April 2011 filing asks the Commission to adjust the EECRF for 2012 to increase it by \$423,743. The adjusted EECRF is requested to recover approximately \$1,404,683 in energy efficiency costs in 2012, consisting of: (1) \$768,593 in projected energy efficiency program costs for TNC to meet its energy efficiency objectives for 2012; (2) recovery of \$188,470 in under-recovered EECRF program revenues in 2010; and (3) a performance bonus of \$447,620 for TNC's having exceeded its demand reduction goals for 2010.

The EECRF applies to all retail electric providers (REPs) who serve end-use customers in TNC's service area. All end-use customers who take service below 69,000 volts are potentially affected by the requested EECRF, depending upon the actions of their REPs. The proposed EECRF will include the following charges on bills rendered to REPs for retail transmission and distribution service:

<u>Customer Rate Class</u>	<u>EECRF</u>
Residential Service	\$0.000334 per kWh
Secondary Service (Less than or equal to 10 kW)	\$0.000284 per kWh
Secondary Service (Greater than 10 kW)	\$0.000303 per kWh
Primary Service	\$0.000198 per kWh

The monthly amount billed to the REP during 2012 on account of service to a residential end-use customer using 1000 kilowatt hours (kWh) per month will increase by 1 cent over the 2011 EECRF. The effect of the EECRF on the amounts billed to a REP on account of service to other end-use customers will vary depending on the rate schedules under which the REP takes transmission and distribution service and on the end-use customers' usage of electricity.

Persons who wish to intervene in or comment upon these proceedings, Docket No. _____, Application of AEP Texas North Company to Adjust Energy Efficiency Cost Recovery Factor and Related Relief, should notify the Commission as soon as possible, as an intervention deadline will be imposed. A request to intervene or for further information should be mailed to the Public Utility Commission of Texas, P. O. Box 13326, Austin, Texas 78711-3326. Further information may also be obtained by calling the Public Utility Commission of Texas at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (TTY) may contact the Commission at (512) 936-7136.