



An AEP Company

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AEP Texas  
400 West 15th Street, Suite 1520  
Austin, TX 78701  
aeptexas.com

April 3, 2020

Robert Nelson  
Mayor, City Of Bay City  
1901 5th Street  
Bay City, TX, 77414

Dear Mayor Nelson:

On April 3, 2020, AEP Texas Inc. (AEP Texas) is filing a request with the Public Utility Commission of Texas (PUCT) and your city to amend its Distribution Cost Recovery Factor (DCRF). This filing has not yet been assigned a docket number. Attached to this letter is a copy of the Application. Included on the enclosed flash drive is the entire filing package for your information.

Your city is not required to take action on this filing. Pursuant to the DCRF Rule adopted by the PUCT (16 Tex. Admin. Code § 25.243), if your city does not make a final decision within 60 days after this filing, the application is deemed denied. Whether your city approves or denies the application, it will be deemed appealed to the PUCT and consolidated with the proceeding at the PUCT 60 days from the date of this filing. Consequently, your city is not required to take any action.

Approval of the DCRF filing will allow AEP Texas to recover distribution capital investments made since January 1, 2019, and allow the company to continue to invest in similar distribution infrastructure. The DCRF is a mechanism that allows utilities to recover investment in distribution infrastructure in a timely manner.

AEP Texas has invested approximately \$440.5 million in distribution infrastructure during calendar year 2019. These investments are indicative of the growth experienced within our service territory, which required increased capital investment in electric distribution to meet the needs created by this growth. Additionally, the replacement of aging infrastructure necessitates this investment. As distribution assets approach the end of their designed life-cycle, it is necessary to proactively replace these assets to maintain reliable service.

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If the request is approved by the PUCT, the monthly wires charges billed to the Retail Electric Providers (REPs) for residential customers in the AEP Texas service territory using 1,000 kilowatt-hours (kWh) of electricity will increase by approximately \$1.83 with rates effective on September 1, 2020.

If you need additional information or have any questions, please call me at (361) 574-2236.

Sincerely,

A handwritten signature in black ink that reads "Vee Strauss". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Vee Strauss  
AEP Texas Community Affairs Manager

Attachments