

Public Utility Commission
of Texas



September 9, 1980

George M. Cowden
Chairman

H. M. Rollins
Commissioner

Garrett Morris
Commissioner

To All Parties of Record:

Re: Docket No. 3250 -- Application of Texas Electric Service Company for a
Rate Increase

Ladies and Gentlemen:

Enclosed please find copies of my Examiner's Report in Docket No. 3250. This docket will be presented to the Commission at 9:00 a.m. on Tuesday, September 30, 1980. Exceptions, if any, must be filed with the Commission and served on all parties on or before Friday, September 19. Replies thereto must be similarly filed on or before Friday, September 26. Since all parties indicated their desire to present oral argument at the hearing, I have taken the liberty of scheduling this docket for oral argument on September 30.

As you will notice in the Report, I have recommended adoption of the Staff's price elasticity adjustments. The effects of these adjustments are spread through my cost of service and cost allocations. However, the precise use of the Staff's price elasticity adjustments is not correct since those adjustments are based upon the Staff's recommended cost of service and not mine.

To correct this problem, by means of this letter I am requesting the company to rerun its computer models using my cost of service and cost allocations using the appropriate methodologies set forth in the Report. It would be helpful to the Commissioners to know the exact cost of service, revenue deficiency, and relative rates of return of the customer classes. This data should be filed, with copies to all parties, on September 19, if possible.

If any party has any questions regarding the Report or the procedures to be followed herein, please call on me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mark H. Zeppa".

Mark H. Zeppa
Hearings Examiner

MHZ/dhe

Enc.

8104170644

An Equal Opportunity/Affirmative Action Employer

7800 Shoal Creek Boulevard • Suite 400N • Austin, Texas 78757 • 512/458-0100