



2025 Interim TCOS Filing

Jonathan Greene | Chief Operations Officer – Transmission

Christian Powell | Chief Compliance Officer

Transmission Cost of Service (TCOS) Overview

- TCOS filings are governed by Public Utility Commission of Texas (PUCT) Substantive Rule 25.192
 - PEC's last full TCOS case was approved in 2001 (Docket No. 22533)
 - PEC's first interim update with 20 years of transmission investment was approved in July 2019 (Docket No. 49584) (interim filings do not adjust transmission O&M expense)
 - PEC has filed five subsequent interim updates
 - 2020 (Docket No. 51375)
 - 2021 (Docket No. 52884)
 - 2022 (Docket No. 54305)
 - 2023 (Docket No. 55927)
 - 2024 (Docket No. 57500)
- TCOS includes the return *of* and *on* investment in the transmission system
- TCOS for all ERCOT transmission utilities is paid by all distribution providers in ERCOT based on 4CP load ratio share (PEC is 2.32% of the 4CP load in ERCOT)

Overview of PEC 2025 TCOS Interim Update

- Seeks inclusion of actual capital investment made as of August 31, 2025, and since the amounts approved in PEC's 2024 interim TCOS update
 - Details transmission capital projects placed into service between October 1, 2024 through August 31, 2025 that are "used and useful"
 - Reflects changes in transmission invested capital, appropriate depreciation, associated taxes, the PUCT-authorized rate of return (PEC ROR is 9.6%), and changes in loads
- Filing supported by written testimony from PEC witnesses
- Board approval requested to file application at the PUCT
- Prudence of transmission investment since PEC's first full TCOS will be reviewed during PEC's next full TCOS filing



myPEC.com