

AUSTIN ENERGY'S TARIFF PACKAGE: §
2015 COST OF SERVICE STUDY §
AND PROPOSAL TO CHANGE BASE §
ELECTRIC RATES §

BEFORE THE CITY OF AUSTIN
IMPARTIAL HEARING EXAMINER

AUSTIN ENERGY

2016 FEB 22 PM 1:25

**AUSTIN ENERGY'S RESPONSE TO IMPARTIAL HEARING
EXAMINER ORDER NO. 6**

In accordance with the Impartial Hearing Examiner's ("IHE") Memorandum No. 6, Austin Energy ("AE") makes the following comments about the IHE's proposed Statement of Issues.

AE agrees that the following topics are properly included within the scope of this proceeding: 1, 2, 3, 4, 8, 9, 10, 11, 12, 19, 20, 22, 23, 24, 25, 26, 27, 29, 30, 31, 36, 38, 39, 40, 43, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 57, 58, 59, 60, 61, 62, 64, 65, 69, 70, 71, 73, 74, 75, 76, 77, 78, 79, and 80.

AE notes that "What is the proper line-loss factor to use for each rate class?" appears as #42 under "Issues Related to Austin Energy's Revenue Requirement/Cost of Providing Service," as #61 under "Rate Design Issues," and as #4 and #11 under "Issues Outside the Scope of Proceeding." AE believes the issue of the line-loss factor should be included in the statement of issues under the "Cost Allocation Issues" discussion, however, AE finds the way the issue is currently articulated unclear.

AE cannot read the entire text for Nos. 7, 18, and 63 and as such cannot form an opinion at this time about whether those issues should be included in the proceeding. However, to the extent that #18 seeks to apply the affiliate standard, AE objects as it is AE's position that the

standard outlined in the Public Utility Regulatory Act (“PURA”) does not apply to AE as a municipally-owned and operated utility.

AE believes that the following topics should be moved to the “Issues Outside Scope of Proceeding” and not addressed by the parties:

Number	Rationale for Exclusion
5	AE does not fully understand #5 and objects to its inclusion as AE uses the cash flow method and while this does produce a return, the return is not used to determine the revenue requirement in the manner that it would be in an investor-owned utility.
6	Including #6 is at odds with #25 under Issues Outside Scope of the Proceeding which states that “Austin Energy’s decision to utilize a cash flow basis to determine just and reasonable base rates in lieu of debt service coverage” will not be considered. AE believes that issues related to the cash flow method should be excluded from this proceeding because this Council-designed City practice has been approved by the Public Utility Commission (“PUC”) as part of their order in PUC Docket No. 40627 and is no longer an appropriate topic for debate.
13	AE has clarified that non-regulated and non-electric activities are excluded from the base rate calculation. As a result, this issue should not be addressed in the proceeding. Additionally, this issue is at odds with #26 under Issues Outside Scope of Proceeding which excludes “[t]he On-site Energy Resources (“OSER”) system. All test year costs and revenues related to OSER are expressly excluded from Austin Energy’s electric rates.”
14	AE objects to including this issue to extent that it seeks to discuss invested capital decisions that were made prior to 2009. As noted in #29 under Issues Outside Scope of Proceeding, the prudence of any Council-ratified decisions related to any invested capital investments has been approved by the PUC as part of their Order in PUC Docket No. 40627.
15	AE objects to including this issue as AE is not setting a return as part of this proceeding.
16	AE finds this issue to be a bit unclear however, AE object to including this issue to the extent that it seeks to examine pre-2009 decisions which have been both ratified by City Council and approved by the PUC.
17	AE objects to including this issue to the extent that seeks to examine pre-2009 decisions which been both ratified by City Council and approved by the PUC.
18	AE objects to including this issue because it is AE’s position that the affiliate standard outlined in PURA is inapplicable to AE as a municipally-owned and operated utility.
21	AE objects to including this issue because AE does not have any “regulatory assets” as that term is used in PURA.
32	AE objects to including this issue because AE is part of the larger City retirement program, decisions about which are made in a separate process.

33 – 34	AE objects to including these issues as they related to topics that have been explicitly excluded from the base rate calculation. See, e.g. #26 under Issues Outside Scope of Proceeding.
35	AE objects to including this issue because it is AE's position that the affiliate standard outlined in PURA is inapplicable to AE as a municipally-owned and operated utility.
37	AE objects to including this issue as it relates to a topic that has been explicitly excluded from the base rate calculation. See, e.g. #26 under Issues Outside Scope of Proceeding.
41	AE objects to including this issue as it relates to the customer assistance program which AE believes it outside the scope of this proceeding.
44	AE objects to including this issue as it directly relates to the power supply adjustment which AE believe should not be addressed in this proceeding as it does not relate to the base rates.
56	AE objects to including this issue. AE believes that #80 ("Are the proposed changes [the] methodologies by which AE calculates the pass-through charges reasonable?") more accurately states which issues should be addressed in this proceeding.
66 – 68	AE finds these issues to be unclear. To the extent they address the wholesale transmission tariff, these issues should be excluded as the wholesale transmission tariff is set by the PUC.
72	AE objects to including this issue because AE does not have any "regulatory assets" as that term is used in PURA.

AE believes that the issues related to the regulatory charge, the community benefit charge and the customer assistance program, which is funded by the community benefit charge and donations, should be excluded from the proceeding and anticipates filing a response to any arguments made to the contrary by Friday, February 26, 2016.¹

AE requests that the IHE adopt a statement of issues which excludes the items identified herein.

Respectfully submitted,

Andrea D. Rose

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State Bar Number

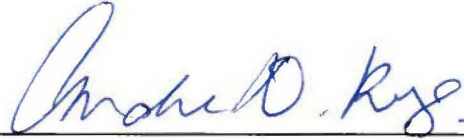
¹ See p. 3 of 4 of Memo No. 6, "On these issues the Impartial Hearing Examiner requests that those parties that believe that the issues are within the scope of this proceeding to submit argument explaining why those issues are within the scope of this proceeding."

2/22/16

(Date Submitted)

CERTIFICATION OF SERVICE

I hereby certify that a true and correct copy of this pleading has been served on all Parties and the Impartial Hearing Examiner, in accordance with the Procedural Rules, on the 22nd day of February, 2016.

A handwritten signature in blue ink, appearing to read "Andrea D. Rose", is written over a horizontal line.

Andrea D. Rose