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'S RESPONSE TO NXP SEMICONDUCTORS' AND SAMSUNG AUSTIN SEMICONDUCTOR, LLC'S THIRD REQUEST FOR INFORMATION

Austin Energy ("Austin Energy" or "AE') files this Response to NXP Semiconductors' and Samsung Austin Semiconductor, LLC's (collectively, "NXP/Samsung") Third Request for Information. The discovery request was submitted by NXP/Samsung on February 25, 2016. These responses are timely filed on March 7, 2016 in accordance with the City of Austin Procedural Rules for the Initial Review of Austin Energy's Rates, §7.3 (c)(1).

Respectfully submitted,

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ATTORNEYS FOR AUSTIN ENERGY

CERTIFICATE 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 on this 7th day of March, 2016, in accordance with the City of Austin Procedural Rules for the Initial Review of Austin Energy's Rates.

THOMAS L. BROCATO

NXP/Samsung 3-1. Please provide monthly Austin Energy system peak demands for 2006 through 2015.

ANSWER:

Please refer to Attachment 1 for the requested information.

Prepared by: JL
Sponsored by: Elaina Ball

Austin Energy System Peaks

Month	MW
January 2006	1370
February 2006	1553
March 2006	1484
April 2006	2061
May 2006	2092
June 2006	2304
July 2006	2373
August 2006	2430
September 2006	2266
October 2006	2009
November 2006	1803
December 2006	1592
January 2007	1830
February 2007	1794
March 2007	1487
April 2007	1663
May 2007	1953
June 2007	2256
July 2007	2213
August 2007	2391
September 2007	2228
October 2007	2103
November 2007	1700
December 2007	1648
January 2008	1727
February 2008	1653
March 2008	1642
April 2008	1964
May 2008	2343
June 2008	2466
July 2008	2486
August 2008	2514
September 2008	2441
October 2008	2034
November 2008	1656
December 2008	1877
January 2009	1750
February 2009	1688
March 2009	1538
April 2009	1870

Austin Energy System Peaks

Month	MW
May 2009	2189
June 2009	2602
July 2009	2566
August 2009	2548
September 2009	2377
October 2009	2100
November 2009	1447
December 2009	1696
January 2010	1948
February 2010	1798
March 2010	1553
April 2010	1778
May 2010	2124
June 2010	2365
July 2010	2336
August 2010	2628
September 2010	2445
October 2010	1867
November 2010	1701
December 2010	1628
January 2011	1852
February 2011	2195
March 2011	1779
April 2011	2150
May 2011	2429
June 2011	2517
July 2011	2594
August 2011	2714
September 2011	2547
October 2011	2119
November 2011	1674
December 2011	1899
January 2012	1711
February 2012	1634
March 2012	1771
April 2012	2025
May 2012	2346
June 2012	2702
July 2012	2531
August 2012	2600

Austin Energy System Peaks

Month	MW
September 2012	2533
October 2012	2018
November 2012	1714
December 2012	1702
January 2013	1885
February 2013	1485
March 2013	1714
April 2013	1847
May 2013	2204
June 2013	2573
July 2013	2475
August 2013	2592
September 2013	2540
October 2013	2200
November 2013	1814
December 2013	2003
January 2014	2105
February 2014	2098
March 2014	2066
April 2014	1946
May 2014	2049
June 2014	2282
July 2014	2465
August 2014	2578
September 2014	2475
October 2014	2246
November 2014	1852
December 2014	1764
January 2015	2064
February 2015	2052
March 2015	1959
April 2015	1959
May 2015	2110
June 2015	2336
July 2015	2593
August 2015	2735
September 2015	2499
October 2015	2385
November 2015	1842
December 2015	1686

NXP/Samsung 3-2. Please provide monthly Austin Energy system demands at the times of the ERCOT system peaks for 2006 through 2015.

ANSWER:

Please refer to Attachment 1 for the requested information.

Prepared by: JL
Sponsored by: Elaina Ball

Austin Energy System Demand,
Coincident with ERCOT System Peak

Month	MW
January 2006	1370
February 2006	1553
March 2006	1338
April 2006	2054
May 2006	2048
June 2006	2297
July 2006	2372
August 2006	2416
September 2006	2266
October 2006	2009
November 2006	1607
December 2006	1585
January 2007	1793
February 2007	1794
March 2007	1429
April 2007	1659
May 2007	1869
June 2007	2256
July 2007	2210
August 2007	2389
September 2007	2201
October 2007	2078
November 2007	1504
December 2007	1648
January 2008	1647
February 2008	1653
March 2008	1547
April 2008	1964
May 2008	2342
June 2008	2412
July 2008	2486
August 2008	2514
September 2008	2441
October 2008	2034
November 2008	1648
December 2008	1873
January 2009	1721
February 2009	1558
March 2009	1447
April 2009	1870

Austin Energy System Demand,
Coincident with ERCOT System Peak

Month	MW
May 2009	2189
June 2009	2538
July 2009	2527
August 2009	2451
September 2009	2359
October 2009	2100
November 2009	1447
December 2009	1696
January 2010	1948
February 2010	1734
March 2010	1553
April 2010	1680
May 2010	2102
June 2010	2267
July 2010	2302
August 2010	2628
September 2010	2275
October 2010	1867
November 2010	1701
December 2010	1628
January 2011	1834
February 2011	2119
March 2011	1720
April 2011	1981
May 2011	2377
June 2011	2495
July 2011	2583
August 2011	2670
September 2011	2547
October 2011	2119
November 2011	1550
December 2011	1899
January 2012	1711
February 2012	1634
March 2012	1771
April 2012	2025
May 2012	2346
June 2012	2702
July 2012	2526
August 2012	2530

Austin Energy System Demand,
Coincident with ERCOT System Peak

Month	MW
September 2012	2515
October 2012	2018
November 2012	1671
December 2012	1650
January 2013	1885
February 2013	1459
March 2013	1520
April 2013	1813
May 2013	2124
June 2013	2459
July 2013	2445
August 2013	2588
September 2013	2540
October 2013	2200
November 2013	1814
December 2013	2003
January 2014	2105
February 2014	2033
March 2014	2066
April 2014	1946
May 2014	2042
June 2014	2272
July 2014	2420
August 2014	2567
September 2014	2462
October 2014	2207
November 2014	1852
December 2014	1764
January 2015	2064
February 2015	2052
March 2015	1913
April 2015	1804
May 2015	2047
June 2015	2301
July 2015	2555
August 2015	2638
September 2015	2499
October 2015	2385
November 2015	1842
December 2015	1686

NXP/Samsung 3-3. Refer to Work Paper E-4. Please describe, by line item, the nature of the Miscellaneous Non-operating Income recorded in 421, including the explanation of why $16,389,381 was deducted as a known and measurable adjustment.

ANSWER:

Please see WP E-4.3 for line item descriptions and known and measurable adjustments which are recapped below.

(19,922,827)	FERC Reclasses
701,374	Removes non- recurring insurance proceeds
854,915	Removes grant transfer from other departments
1,977,157	Removes City contribution for Seaholm CIAC
(16,389,381)	Total K&M deductions

Prepared by: RM/MM
Sponsored by: Mark Dombroski

NXP/Samsung 3-4. Refer to Work Paper E4.3, Excel line 14. Please explain why a loss on Disposal of Assets is a recurring transaction.

ANSWER:

Loss on disposal of assets occurs as a result of the retirement of assets. Generally, this happens yearly. As a result, loss on disposal of assets is a recurring transaction.

Prepared by: RM/MM
Sponsored by: Mark Dombroski

NXP/Samsung 3-5. Refer to Work Paper E4.3, Excel line 11. Please describe the purpose of the CTM Transfer.

ANSWER:

The purpose of the Communications and Technology Management (CTM) transfer is to allocate costs incurred by the CTM department back to city departments such as Austin Energy. The services provided by CTM include support, licensing and training for city-wide systems used at Austin Energy such as the BANNER payroll system, Advantage Financial accounting system, and TRAIN, the city's training information and registration site. CTM also provides technology based training to city staff including Austin Energy. Other services provided by CTM include partnering with Austin Energy in aligning the city's information technology architectural planning and coordinating the State of Texas Department of Information Resources (DIR) city-wide technology contracts for hardware and software for each City of Austin department including Austin Energy.

Prepared by: DK
Sponsored by: Mark Dombroski

NXP/Samsung 3-6. Please provide the supporting workpapers and documentation of the 311 Call Center Reimbursement.

ANSWER:

Austin Energy operates Austin's 311 Call Center for all City Departments. Austin's 311 Call Center also functions as an emergency backup for the Customer Care and Billing (CC&B) for AE's continuity purposes and after-hours service. In FY 2014, the funding model was revised so that net costs are allocated on the number of service requests processed through the 311 Call Center. Given the magnitude of the costs involved, a 4-year implementation plan was developed.

Prepared by: DK
Sponsored by: Mark Dombroski

NXP/Samsung 3-7. Please provide the total cost in the test year 311 Call Center paid by Austin Energy.

ANSWER:

The total cost in the TY for the 311 Call Center paid by Austin Energy was $1,935,028. See WP D-1.2.8.1, Line 18. In addition, Austin Energy made a known and measurable adjustment to the TY amount. See WP D-1.2.8.1, Column F, Line 18.

Prepared by: SK
Sponsored by: Mark Dombroski

NXP/Samsung 3-8. Please provide the all supporting documentation and authorization for Austin Energy to transfer $11,437,520 and $333,333 for Economic Development.

ANSWER:

Authorization for the Economic Development requirements and the related Austin Energy transfers of $11,437,520 and $333,333 was granted by City Council September 9, 2013 during budget adoption. The ordinance can be found here: http://www.austintexas.gov/edims/document.cfm?id=196660

Prepared by: DK
Sponsored by: Mark Dombroski

NXP/Samsung 3-9. Please provide documentation for Austin Energy's transfer to the Worker's Compensation Fund in the test year.

ANSWER:

Workers' Compensation costs are allocated on an FTE basis. This is determined by taking the FTEs for Austin Energy divided by Citywide FTEs and multiplying by the estimated Workers' Compensation costs for the year.

Please see Attachment 1 for backup documentation.

Prepared by: DK
Sponsored by: Mark Dombroski

Workers Comp - Forecast FY 2014 **14,470,369**
Unit 9999 - Object 6243 **20% increase**

	2013 FTEs		Amended 2013	Proposed 2014	Increment 2014
General Fund	5,840.55	53.2%	6,420,101	7,703,202	1,283,101
Support Services Fund	0.00	0.0%	0	0	0
GF & SS Total	5,840.55	53.2%	6,420,101	7,703,202	1,283,101
Austin Energy	1,659.00	15.1%	1,855,537	2,188,084	332,547
EGRSO	47.00	0.4%	51,418	61,989	10,571
Austin Water Utility	1,094.10	10.0%	1,195,033	1,443,027	247,994
Austin Resource Recovery	408.00	3.7%	444,882	538,118	93,236
Code Compliance	91.00	0.8%	77,128	120,021	42,893
Austin Convention Center	197.50	1.8%	221,602	260,486	38,884
Palmer Events Center Operating	33.00	0.3%	36,049	43,524	7,475
Palmer Events Center Garage	8.50	0.1%	9,501	11,211	1,710
Aviation	351.00	3.2%	387,874	462,940	75,066
PARD - Golf	33.00	0.3%	36,887	43,524	6,637
Watershed - Drainage	257.25	2.3%	289,788	339,291	49,503
Transportation Fund	387.00	3.5%	420,290	510,421	90,131
CPM	193.00	1.8%	212,381	254,550	42,169
Austin Trans - Parking Mgmt Fund	47.50	0.4%	51,418	62,649	11,231
Traffic Safety Fund	2.00	0.0%	2,236	2,638	402
Child Safety	7.00	0.1%	4,471	9,232	4,761
Neighborhood Housing & Community Dev.	23.00	0.2%	20,120	30,335	10,215
Juvenile Case Manager Fund	9.00	0.1%	10,060	11,870	1,810
Fleet	200.00	1.8%	222,441	263,783	41,342
Wireless	40.00	0.4%	43,594	52,757	9,163
CTECC	43.00	0.4%	45,830	56,713	10,883
	5,130.85	46.8%	5,638,540	6,767,163	1,128,623
City-Wide Total	**10,971.40**	**100.0%**	**12,058,641**	**14,470,365**	**2,411,724**
					20.00%

Forecast Out Years: Increase the total proposed amount by 10% each year.

1/30/2013 5:06 PM

NXP/Samsung 3-10. Please provide by FERC account the amounts charged to Austin Energy through the indirect cost allocation study during the test year.

ANSWER:

Amounts charged to Austin Energy through the indirect cost allocation study during the test year are contained in FERC Account No. 930. See WP D-1.2.8.1, Line 3.

Prepared by: DK
Sponsored by: Mark Dombroski

NXP/Samsung 3-11. Please described any changes if any to the indirect cost allocation study made since the last rate review.

ANSWER:

There have been a number of changes to the Support Services Cost Allocation Plan (SS-CAP) since the last rate review. Changes to the various cost pools and allocation basis are listed below:

- The Building Use cost pool was replaced with three cost pools for General Obligation Debt. The three cost pools include Technicenter and City Hall which are based on square footage, and Improvements which is based on number of departmental FTEs.
- The Human Resources Department cost pool for Insurance allocates costs on a basis of General Fund policy recipients instead of departmental FTEs.
- Small and Minority Business Resources (SMBR) realigned to use three cost pools instead of four. SMBR Professional Service Contract Compliance and SMBR Services merged and costs are allocated on the same basis, the number of purchasing transactions processed.
- The City Public Information Office realigned to use one cost pool instead of three to using the same basis, budgeted expenditures.
- The Law Department realigned to use three cost pools instead of five. Civil Litigation, Contractual Services, and General Counsel merged into Legal Services and are allocated on the same basis, number of Legal staff hours provided.
- The Financial Services Department eliminated the Corporate Internal Auditor function and related cost pool.
- Purchasing realigned to use one cost pool instead of four and allocates costs based on the number of purchasing transactions.
- The City Clerk cost pool for Records Management allocates costs based on an equal split between budgeted expenditures and number of departmental FTEs instead of only being allocated based on expenditures.
- Management Services realigned and no longer includes costs for Governmental Relations. Seventy percent of Management Services costs are allocated based on budgeted expenditures and thirty percent of costs are allocated on the number of departmental FTEs. Governmental Relations costs are allocated based on budgeted expenditures.
- The Office of Real Estate Services costs are now included and are allocated based on the number of staff hours provided to departments.
- The Contract Management Department costs are now included and are based on two cost pools. Sixty percent of costs are allocated based on the number of capital contracts per department and forty percent of costs are allocated based on the dollar value of those contracts by department.
- The Treasury Department costs are now included and are based on budgeted expenditures.
- The Public Safety and Emergency Management reallocation was eliminated because activities and associated costs moved into the Austin Police Department.

- Non-departmental allocations realigned and allocate costs to three cost pools instead of one. Personnel and related costs are allocated based on budgeted expenditures. Communications and Technology Management costs are allocated on an equal split between budgeted expenditures and number of departmental FTEs. Capital Improvement Program costs for transfer related to the eCAPRIS system are allocated based on the number of eCAPRIS users.

Prepared by: DK
Sponsored by: Mark Dombroski

NXP/Samsung 3-12. Please refer to WP C-3.1.1. Please identify the assets that were financed by "Separate Lien" shown on Excel lines 13 and 28.

ANSWER:

In general, AE does not track debt service by assets. However, it does track debt service by function (i.e. generation, transmission, etc).

Prepared by: SK
Sponsored by: Mark Dombroski

NXP/Samsung 3-13. If line 13 relates to OSER, please explain why only the test year amounts were removed from the Austin Energy's Cost of Service, instead of incorporating the $11,144,313 as a known and measurable change that will be in effect at the time the rates from this proceeding are in effect.

ANSWER:

This question is subject to a pending objection.

Prepared by: -
Sponsored by: -

NXP/Samsung 3-14. Please refer to WP C-3.1.1. Please identify the known and measurable adjustment on this workpapers.

ANSWER:

There are no known and measureable adjustments on WP C-3.1.1. Balances have been adjusted to remove debt service related to non-electric operations as shown in column (D).

Prepared by: RM/MM
Sponsored by: Mark Dombroski

NXP/Samsung 3-15. Please refer to WP C-3. Please provide a schedule that shows the receipt of CIAC by project during the test year.

ANSWER:

Under Austin Energy's accounting system CIAC revenues are not maintained on an individual project basis. The details of CIAC during the test year are:

Nightwatchman Lights	8,149.48
Other Contributions	1,576,542.14
New Service Resident	913,928.71
New Service Commercial	6,300,656.20
Meter fee	750.00
Street Lights	907,475.97
Dual Feed	3,329,212.85
Total	**13,036,715.35**

Prepared by: SK
Sponsored by: Mark Dombroski

NXP/Samsung 3-16. Please refer to WP C-3.4. Please provide a description of projects in Fund 3220.

ANSWER:

Fund 3220 includes several projects for power production, such as upgrades to various systems and transformers at the Sand Hill Energy Center, upgrades at the Fayette Power Project (FPP), and plant upgrades at the South Texas Project.

Prepared by: DK
Sponsored by: Mark Dombroski

NXP/Samsung 3-17. Why did Austin Energy chose to fund 55.6% of its construction projects with cash in 2015?

ANSWER:

The 55.6% is calculated netting historical FY 2015 CIAC to historical FY 2015 Capital Improvement Program costs and a financing assumption of 50% debt equity as shown in RFP WP C-3.4.1. Capital Improvement projects are financed in compliance with financial policies including (1) and (14) as stated in Appendix I-27. Austin Energy debt finances long term assets that typically have a useful life of 30 years. Capitalized assets such as software, vehicles, and small equipment having shorter useful lives cannot be financed with long-term bonds.

Prepared by: RM
Sponsored by: Mark Dombroski

NXP/Samsung 3-18. Refer to Schedule G-2, columns (F) and (Q), Quick Response-Natural Gas.

A. Please define Quick Response-Natural Gas.
B. Do specific generation units provide quick response? If so, what generation units are utilized for quick response?
C. Provide the output of quick response energy by month for the test year and for the prior 5 years.

ANSWER:

A. Austin Energy defines Quick-Response Natural Gas as a generation resource fueled by natural gas that in its cold-temperature state can come on-line within ten minutes of receiving ERCOT notice and has passed an ERCOT Quick Start Generation Resource test that establishes an amount of capacity that can be deployed within a ten-minute period.
B. Yes, Austin Energy has specific units that provide quick response. The four gas turbine units at Decker Creek Power Station (GT units 1-4) and the six gas turbine units at Sand Hill Energy Center (GT units 1-6) provide quick response.
C. By agreement of the parties, the information provided includes monthly energy output from January 2011 through September 2014. Please see Attachment 1.

Prepared by: BE
Sponsored by: Elaina Ball

Monthly Energy Output of Quick Response Energy
January 2011 - September 2014

Year/Month	MWh
Jan-11	15,078.92
Feb-11	36,795.42
Mar-11	8,772.17
Apr-11	19,416.55
May-11	26,207.52
Jun-11	46,223.97
Jul-11	80,963.14
Aug-11	97,656.71
Sep-11	40,354.09
Oct-11	20,801.18
Nov-11	10,987.43
Dec-11	5,743.36
Jan-12	3,900.94
Feb-12	2,070.27
Mar-12	29,099.53
Apr-12	42,466.60
May-12	34,575.02
Jun-12	32,856.00
Jul-12	45,488.29
Aug-12	59,585.95
Sep-12	35,920.26
Oct-12	12,470.08
Nov-12	9,972.25
Dec-12	7,697.78
Jan-13	2,293.43
Feb-13	7,124.40
Mar-13	7,629.82
Apr-13	15,296.98
May-13	19,901.37
Jun-13	52,954.73
Jul-13	52,433.35
Aug-13	70,800.44
Sep-13	52,189.47
Oct-13	16,373.60
Nov-13	19,977.69
Dec-13	27,261.40
Jan-14	18,807.99
Feb-14	26,006.25
Mar-14	19,340.03
Apr-14	12,667.49
May-14	21,489.14
Jun-14	23,914.21
Jul-14	37,401.02
Aug-14	56,644.83
Sep-14	32,477.26