

AUSTIN ENERGY

2016 MAR -9 PM 12:10

AUSTIN ENERGY'S TARIFF PACKAGE: §
UPDATE OF THE 2009 COST OF § BEFORE THE CITY OF AUSTIN
SERVICE STUDY AND PROPOSAL TO § IMPARTIAL HEARING EXAMINER
CHANGE BASE ELECTRIC RATES §

**SIERRA CLUB AND PUBLIC CITIZEN'S
FIRST REQUEST FOR INFORMATION FROM AUSTIN ENERGY**

Public Citizen and Sierra Club request Austin Energy to respond to the following Request for Information set forth below relating to this case. Austin Energy is requested to serve its response to this Request for Information on the authorized representatives listed below no later than ten days after AE receives this request.

Definitions:

As used in this introduction and in these questions,

1. "Communication" means any disclosure, transfer, or exchange of information, whether oral or written, of every kind including but not limited to, telephone calls, conferences, letters, emails and all memoranda or other documents concerning the requested item.
2. "Austin Energy", the "utility," "AE", and "Applicant" refer to Austin Energy.
3. "You," "yours," and "your" refer to Austin Energy (as defined above), including its General Manager, managers, officers, employees, consultants, agents and attorneys.
4. "Document" and "documents" mean any written, recorded, filmed, or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device of any other media, including, but not limited to, memoranda, notes, analyses, spreadsheets, minutes, records, photographs, correspondence, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, contracts, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers observations, commercial practice manuals, reports and summaries of interviews, reports of consultants, appraisals, forecasts, tape recordings, or any form of recording that is capable of being transcribed into written form. A draft or non-identical copy is a separate document.
5. "Identify" has the following meanings depending on the context:
 - a. "Identify" when used with a natural person means to supply his or her name, last known residential and business addresses, last known residential and business telephone numbers, his or her present position, and his or her prior connection or association with any party to this proceeding. If the above information is unavailable, provide some other means of identifying the person and his or her present location.

- b. "Identify" when used with an entity means to provide its name, manner of organization (e.g., corporation, partnership, joint venture, etc.), address and telephone number.
 - c. "Identify" when used with a documents means to supply (i) the nature of the document (e.g., letter, memorandum, corporate minutes), (ii) the date, if any, appearing on the document, (iii) the date, if known, on which the document was prepared, (iv) the title of the document, including any jurisdictional styles and docketing numbers, if applicable, (v) the general subject matter of the document, (vi) the number of pages comprising the document, (vii) the identity of each person who signed or initialed the document, (viii) the identity of each person to whom the document was addressed, (ix) the identity of each person who received the document or reviewed it, (x) the location of the document and (xi) the identity of each person having custody of, or control over, the document. Identification of a document includes identifying all documents known or believed to exist, whether or not in the custody of Austin Energy or in the custody of its attorneys or other representatives or agents.
 - d. "Identify" when used with any other thing or matter means to provide a description with detail sufficient to allow a party to this action to identify it and determine its present location.
- 6. "FY" means fiscal year as utilized by AE and the City of Austin for budgeting purposes and for the council setting of AE electric rates that occur annually.
 - 7. "Council" or "City" means the Austin City Council.
 - 8. "Person" means any natural person. The term also means, whether formally organized or ad hoc, any business, organization, legal entity, or governmental entity.
 - 9. "Representative" means a general manager, officer" employee, agent, spokesperson, or attorney of a person.
 - 10. The words "and" and "or" are to be construed conjunctively or disjunctively as necessary to give each request its broadest scope.
 - 11. The singular form of a word also refers to the plural, unless the context requires otherwise.

Instructions

- 1. In answering these questions, furnish all information that is available to you, including information in the possession of your agents, employees, and representatives, all others from whom you may freely obtain it, and your attorneys and their investigators.
- 2. If you have possession, custody, or control (as defined by Tex. R. Civ. P. 192.7(b)» of the originals of these documents requested, please produce the originals or a complete copy of the originals and all copies that are different in any way from the original, whether by interlineation, receipt stamp, or notation.

3. If you do not have possession, custody, or control of the originals of the documents requested, please produce copies of the documents, however made, in your possession, custody or control. If any document requested is not in your possession or subject to your control, please explain why not, and give the present location and custodian of any copy or summary of the document.
4. If any question appears confusing, please request clarification from the undersigned counsel.
5. In providing your responses, please start each response on a separate page and type at the top of the page, the question that is being answered.
6. As part of the response to each question, please state, at the bottom of the answer, the name and job position of each person who participated in any way, other than providing clerical assistance, in the preparing of the answer. If the question has subparts, please identify the person or persons by subpart. Please also state the name of the witness or witnesses in this docket who will sponsor the answer to the question and who can vouch for the truth of the answer. If the question has subparts, please identify the witness or witnesses by subpart.
7. Rather than waiting to provide all of the responses at the same time, please provide individual responses as each becomes available.
8. These questions are continuing in nature. If there is a change in circumstances or factors if you receive or generate additional information that changes your answer between the time of your original response and the time of the hearings, then you should submit a supplemental response to your earlier answer.
9. If you consider any question to be unduly burdensome, or if the response would require the production of a voluminous amount of material, please call the undersigned counsel as soon as possible in order to discuss the situation and to try to resolve the problem. Likewise, if you object to any of the questions on the grounds that the question seeks confidential information, or on any other grounds, please call the undersigned counsel as soon as possible.
10. If the response to any question is voluminous, please provide separately an index to the materials contained in the response.
11. If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, description of document, subject matter of the document, and the basis upon which such privilege is claimed.
12. If the information requested is included in previously furnished exhibits, work papers, responses to other discovery inquiries or otherwise, in hard copy or electronic format, please furnish specific references thereto. , including Bates Stamp page citations and detailed cross-references.
13. If you are asked to identify a document and you do not include a copy of the document with your response, please provide the following information (if applicable) about the document:

- a. The identity of the person who signed it;
- b. The identity of the person or persons to whom it was addressed;
- c. The identity of the persons who prepared it;
- d. The title and substance of the document with enough detail to identify the document;
- e. The date of the document;
- f. The date the document was executed or prepared, if different from the date it bears; and
- g. If the document, or a copy of it, is not in your custody or control, the identity of the person who has control or custody of it or a copy of it.
- h. If the person to be identified is not a natural person (e.g. a corporation) give its name and address and principal business activity.

Request for Information

The definitions and instructions set out in this Request for Information apply to these questions. Unless specified otherwise in the RFI, these RFIs refer to the rate-filing package AE filed on January 25, 2016.

1. Production Costs

- A. Austin Energy has stated in its Cost of Service study that it estimates some \$784 million in annual production costs based on its test year. According to its description of these production costs, costs include fixed costs such as debt service, staffing costs, and regular maintenance. Please provide detailed outstanding debt service associated with all Austin Energy-owned energy production facilities, and what debt associated with these plants was included in the total production cost of \$784 million. Please provide all relevant documents and communications.
- B. Please provide the actual costs for energy efficiency programs between FY 2013 and 2015, as well as the peak demand MWs saved, and the MWhs saved as a result of these programs. Please provide all relevant documents and communications.

2. Cost Allocation Method: According to its documents, Austin Energy utilized the 12CP Cost-Allocation method to assign approximately \$341.5 million in production costs to the different customer classes, and an additional \$442.45 million in production costs as energy costs, allocated through a Net Energy for Load (NEL) energy allocation factor.

- A. Why did Austin Energy determine that the combination of the 12 CP and NEL energy allocation factor was the preferred method for cost allocation of production expenses? Please provide all relevant documents and communications.

- B. Please identify any other production cost allocation methods that were examined by Austin Energy and provide any analysis or reports related to these cost allocation methods examined by Austin Energy, and explain why each was not utilized in the proposed cost allocation.
 - C. Please provide any worksheets or calculations that Austin Energy used for other production cost allocation methods, including their impact on the different customer classes.
 - D. Did Austin Energy consider the BIP Method? If not, why not? If so, please provide all relevant documents and communications.
 - E. Did Austin Energy consider a Probability of Dispatch cost-allocation method? Why or why not? Please provide any relevant documents and communications.
 - F. If Austin Energy had utilized a probability of dispatch cost-allocation for production costs, how would it have changed cost allocation by customer classes? How much would revenue requirements for the residential class be changed using that methodology? Please provide all relevant documents and communications.
3. Cost of Service
- A. Please provide any analysis, documents, worksheets or other data that compares the cost of service to residential ratepayers within the city limits to residential ratepayers outside the city limits.
 - B. Please provide any analysis, documents, reports, worksheets or other information that compares the cost of service for residential ratepayers by size of housing, housing density or type of structure (i.e. single family homes vs multifamily housing).
4. Austin Energy is proposing to eliminate the different summer and winter rates for residential customers. Austin Energy is proposing to instead create a biannual PSA, adjusted to take into account seasonal pricing differences.
- A. Please provide the actual average and peak load zone prices in Austin Energy's load zone price on a monthly basis in 2011, 2012, 2013, 2014 and 2015.
 - B. What was the basis for determining that there is functionally no difference in base rate costs in serving Austin Energy residential customers in the summer compared to winter? Please provide all relevant documents and communications.
 - C. Please provide actual PSA values assessed by Austin Energy from 2011 through 2015, and what the PSA would have been had the proposal to adjust the PSA twice a year been in effect from 2011 to 2015.
5. Tiered Residential Rates
- A. Please provide all documents and worksheets that address expected revenues and costs of service for each residential rate tier under current and proposed rates.
 - B. Please provide any studies Austin Energy has conducted or reviewed that address how customer energy conservation will or will not be

impacted by reducing the difference between low and high rate tiers and eliminating distinct summer and winter tiered rates.

- C. Please provide the number of residential customers within city limits and outside of city limits whose energy usage fell into each of the rate tiers by month for 2011, 2012, 2013, 2014 and 2015.
6. Reserve Policy: Austin Energy is proposing, based upon recommendations from a third-party consultant, changes to its reserve policy. In its proposal, Austin Energy recommends the establishment of five separate reserve accounts it hopes to maintain -- working capital, contingency, power supply stabilization, capital improvement and non-nuclear decommissioning. As part of its recommendation, AE has identified a \$34 million shortfall over three years for their basic reserves and adds that amount to the revenue requirement.
- A. Specifically, AE is estimating it will need to add \$11.6 (\$34 million divided by three) to the revenue requirement to reach its proposed reserve levels. Does this revenue requirement identified by AE include any money for the replacement and decommissioning of the Decker Plant, Fayette Power Plant and Sandhill Combined Cycle plant? If so, please provide data on how much by each plant and how that information was calculated.
 - B. Austin Energy indicates that in addition to this revenue requirement, there are additional revenue requirements that are part of the Capital Improvement Plan. Please indicate exactly how much money as an expense is included in the Capital Improvement Plan as part of the revenue requirement and for what purposes this money would be used.
 - C. While Austin Energy in its rate filing package identifies the need to pay back debt owed on generation plants, it is unclear where this expense is included in the rate package. How does Austin Energy treat existing debt owed on bonds in the rate case?
 - D. How much does Austin Energy currently owe on debts related to bonds connected to the Fayette Power Plant?
 - E. How and when is Austin Energy contemplating paying these debts off?
 - F. How much in debts or interest in debts on power plants is being included in the revenue requirement in this rate case? Please identify the specific bonds and interest and for what purposes they are included in this rate case.
 - G. In approving the 2025 Generation Resource Plan on December 11th, 2014, City Council stated that the plan would: "Support creation of a cash reserve fund for Fayette Power Project retirement. Reserves would be approved through the budgeting process and targeted to retire Austin's share of the plant beginning in 2022. Retiring Austin's portion of Fayette is contingent upon cash available to pay off debts and other costs associated with retirement while maintaining affordability."

- i. What is Austin Energy's proposed pay off schedule of these debts in order to meet the Generation Plan goal of beginning retirement of the coal units in November of 2022?
- ii. Which reserve identified in Austin Energy's rate proposal will be used to pay off the debt owed on the Fayette Power Plant?
- iii. Do the current decommissioning costs estimated in the decommissioning study included in the rate package include paying off any of the debts currently owed on the Fayette Power Plant?
- iv. Would the Non-Nuclear Decommissioning Fund be the appropriate reserve to inject cash in order to pay off the debts owed on the Fayette Power Plant? If not, what would the appropriate account be?

7. Energy Efficiency Service Fee

- A. Please provide the actual revenues generated for Austin Energy in FY 2013, 2014 and 2015 through the Energy Efficiency Service Fee, with the per-KWh EES fee paid by each customer class, and the amount generated by each customer class.
- B. Please provide the estimated revenues that would have been generated for Austin Energy in FY 2013, FY 2014 and FY 2015, if the proposed changes to the EE Service Fee in the current tariff package had been in existence, including the per-KWh EES fee paid by each customer class, and the amount generated by each customer class.
- C. Austin Energy is proposing to not charge certain commercial and large distribution and transmission customers, certain lighting customers, as well as the existing special customers, an energy efficiency service fee. Please provide any information, data, communications or reports related to the EES for those customer classes that would not be charged an EES which justifies this policy decision.
- D. For any customer or customer class that Austin Energy proposes to eliminate the Energy Efficiency Service Fee, please provide detailed records of all energy efficiency, green building and solar energy program services and incentives that directly benefited those customers and customer classes in 2013, 2014 and 2015.
- E. Please provide any documentation of how customers and customer classes that Austin Energy proposes to exempt from the Energy Efficiency Service Fee are unique from other customers and customer classes in how they do or do not indirectly benefit from reduced electric demand resulting from energy efficiency and solar energy utilization in the Austin Energy service area.
- F. Please provide an analysis of how much by customer class would be raised if every customer class in Austin were charge a per-kwh EES fee of 0.0246 per KWh.

8. Value of Solar Tariff

- A. Please provide any information, communication, data, worksheets or reports that relate to calculations of the residential value of solar tariff, as proposed in the rate case.
- B. Please provide any documents and communication that relate to the current policy of offering the value of solar tariff to residential, but not commercial customers. Has Austin Energy had any discussions related to expanding the value of solar tariff to commercial customers? Please provide any documents and communications.
- C. Austin Energy is contemplating creating a community solar project and creating a special tariff or rate for those customers wanting to invest in community solar. Please provide any information, communication, data, worksheets or reports that relate to a community solar program.
 - i. Did Austin Energy contemplate creating a community solar tariff or rate as part of the current rate package? Why or why not?
 - ii. Does Austin Energy have any draft calculations of what the value of community solar tariff might be? If so, please provide all relevant documents.
- D. In August of 2014, Austin City Council approved Resolution 157, which set a minimum floor for the value of solar tariff. Is Austin Energy aware of this city policy? Does Austin Energy believe that the current proposed value of solar tariff proposed in the rate package meet this city policy? If so, explain how. Please provide any documents and communications or related to the value of solar rate proposed in the rate case and the city policy that creates a minimum floor value.

9. Storage Rate: Austin Energy is contemplating a new load shifting reduction non-residential special discount rider to replace its existing Thermal Energy Storage rates.

- A. How many Austin Energy customers utilize the existing thermal energy storage tariff? Please identify the number of customers, their customer class, and the impact of the thermal energy storage on Austin Energy revenues.
- B. For any customers who utilized the thermal energy storage tariff, what was the result in terms of the rates and bills they paid in 2014 and 2015 as a result of being covered under these tariffs? Please provide documentation?
- C. For the proposed load shifting special discount rider, what technologies may be used by non-residential customers to meet the requirements of the proposed tariff that contemplates a 30 percent reduction in peak use? Could both thermal and electric storage be used to qualify for the proposed discount rider? Could energy management systems, smart thermostats or other demand response technologies or management systems be used under the proposed discount rider?
- D. Did Austin Energy base the proposed discount rider on any other existing tariffs used by other utilities in the US or other countries? Please provide any documents related to the proposed discount rider.

- E. Is there a minimum amount of energy or demand that such a customer must currently use to have access to this special discount rider?
- F. Can any customer, whether secondary voltage, primary voltage or transmission level, have access to this discount rider?
- G. Why did Austin Energy use the cut-off of 30 percent on peak reduction, as opposed to another reduction level?
- H. Why does Austin Energy propose to exclude customers who utilize alternative fuels to eliminate or replace their load?
- I. What actual discount would be provided to non-residential and/or residential customers who met the criteria under the proposed tariff? Please provide information or an example of how much a sample customer in each class could expect to save on their bills by utilizing this special rate.

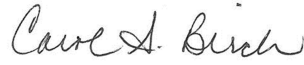
10.

Has Austin Energy considered a specific demand response rider or tariff? Please provide any documents or communication related to the creation of a demand response tariff or special discount considered by Austin Energy.

11. Discounts

- A. What is the basis for Austin Energy to extend the discount offered to state government buildings in the current rate package? Please provide all relevant documents and communications.
- B. Will the proposed discount for state accounts be exactly the same under the proposed rate filing as these accounts currently receive?
- C. Will the same number of state accounts that currently enjoy a discount under the current rates receive a discount under the proposed rate?
- D. Please provide information related to the total estimated amount of revenue that is lost due to the state discount under current rates?
- E. Please provide information related to the total estimated amount of revenue that is lost due to the state discount under the proposed rates?
- F. If some state accounts do not currently receive a discount but would under the proposed rate package, please describe what types of facilities or buildings those state accounts are that would receive such a discount?
- G. Are there any state accounts that would not receive a discount under the proposed Austin Energy rate proposal? If so, which ones?
- H. What are the total number of individual accounts that are considered state accounts and what was the total amount of their energy use in 2014?
- I. How is the expense of the discounts for residential customers outside of Austin city limits accounted for? Are those expenses reallocated to residential customers within Austin city limits or accounted for in some other way. Please provide all relevant documents.

Respectfully submitted,



(Signature of Party or Party's Authorized Representative)

Carol S. Birch

(Printed Name of Party or Party's Authorized Representative)

TX Bar No. 02328375

(State Bar Number if Party or Party's Auth. Rep. is an attorney)

March 9, 2016

(Date Submitted)