

AUSTIN ENERGY 2016 RATE REVIEW

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	§	

**NXP Semiconductors and Samsung Austin Semiconductor, LLCs' Fourth Request for
Information to Austin Energy**

COMES NOW NXP Semiconductor, Inc. ("NXP") and Samsung Austin Semiconductor, LLC, ("Samsung") (collectively, "Customers"), each on its own behalf, by and through its attorneys of record, and requests that Austin Energy ("Austin Energy" or "you") provide information and answer the attached questions under oath pursuant to Procedural Rule § 7.3. It is further requested that the questions be answered in the order in which they are asked with as much detail so as to fully present all of the relevant facts.

INSTRUCTIONS

Please answer the attached questions on separate pages and copy the question immediately above the answer to each question. Following each answer, please identify the witness or witnesses or other individual(s) who will sponsor each of your answers at the hearing. These questions are continuing in nature and, should there be a change in circumstances which would modify or change any of your answers, then, in such case, please change or modify each answer and submit such changed answer as a supplement to the original answer within three (3) business days of your discovery that such change or modification is appropriate, pursuant to Procedural Rule § 7.3(i).

In answering this request for information, you are requested to furnish such information as is available to you, including information which you are able to obtain by due diligence from your present or former attorneys, accountants, investigators, consultants, employees, agents, and persons acting on your behalf.

If you are unable to answer any request fully and completely after exercising the due diligence to make inquiry and to secure information, you are to answer such request as fully and completely as you can and to specify the portions which you are unable to answer in such request. In addition to specifying those portions, you are to state with regard to each portion:

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1. The fact on which you base the contention that you are unable to answer that portion;
2. The knowledge, information, and belief you have concerning that portion; and
3. The acts done and inquiries made by you in attempting to answer such request.

The singular includes the plural and the plural includes the singular.

Masculine, feminine, or neuter pronouns do not exclude the other genders.

The words “document” and “documents” have the broadest meaning that can be ascribed to them pursuant to the Texas Rules of Civil Procedure. Among other things, the words “document” and “documents” mean the final form and all drafts and revisions of any kind of written or graphic mater, original or reproduced copy, however produced or reproduced, of any kind and of every kind, and all copies there from which are different in any way from the original regardless of whether designated “confidential,” “privileged,” or otherwise restricted. Without limiting the generality of the foregoing, the words “document” and “documents” also include information stored or maintained on, or which could be reproduced from, film, microfilm, computer printout, disk or diskette, magnetic tape, cassette, phonographic disc, videotape or similar means.

The words “and” and “or” shall be construed conjunctively or disjunctively as necessary to bring within each request all documents which might otherwise be construed as outside its scope.

The words “communication” and “communications” include, without limitation of their generality, both written and oral: statements, representations, discussions, conversations, speeches, meetings, remarks, questions, answers, panel discussions and symposia. These words include, without limitation of their generality, both communications and statements which are face-to-face and those which are transmitted by any writing or document or by media such as intercoms, telephones, email, television or radio.

The words “identify” and “identification,” when used with respect to a natural person or persons, mean to state the name, address(es) and telephone number(s) of each such person. If any of the foregoing information is not available, state any other available means of identifying such person.

The words “identify” and “identification,” when used in reference to a person other than a natural person, mean to set forth its:

- (1) full name or title;
- (2) nature or organization, including the state under which the same was organized or incorporated;
- (3) address and telephone number (with area code prefix); and
- (4) principal line of business.

If any of the foregoing information is not available, state any other available means of identifying such person.

The words “identify” and “describe,” when used in reference to a fact, mean to state not only the fact itself, but also:

- (1) its date, time and place
- (2) the name, address and telephone number of each person with knowledge of the fact;
- (3) whether the act is supported by an oral communication, a document, or other event;
and
- (4) any other evidence which supports such fact.

The words “identify” and “identification,” when used in reference to a document, mean to state:

- (1) its date;
- (2) its author;
- (3) its addressee;
- (4) the type of document (e.g., letter, memorandum, receipt, invoice, schedule, report, telegram, chart, photograph, etc.); and
- (5) its present location and identity of its custodian. If any document was, but is no longer, in your possession, custody, or control, or is no longer in existence, explain why.

If any of the foregoing information is not available, state any other available means of identifying such document. If a document is one of a series of pages contained in a book, pamphlet, binder, folder, microfilm (or other storage device), include in your identification of such document(s) any available numerical reference (or other aid) to the pages and line or other portion thereof at which the information referred to can be found. A true and correct copy of any document may be produced and filed with your Answers hereto in lieu of the above information.

The words “identify” and “describe,” when used with respect to an oral communication mean:

- (1) to state the substance of each such oral communication;
- (2) to state the exact words used by each person participating in the oral communication;
- (3) to identify each speaker;
- (4) to identify each person present at the making or reception of such oral communication;
- (5) to specify the date, time and place of each oral communication;
- (6) to identify each person repeating such oral communication;
- (7) to identify every document which records, memorializes, or relates to all or part of such communication; and
- (8) to identify the mode of such communication (e.g., telephone, face-to-face, etc.)

The words “person” and “persons” as used herein, mean all individuals and entities, and shall be deemed to include natural persons, firms, partnerships, associations, organizations, joint ventures, corporations, and any other entities, including without limitation, any electric utility, cogenerator, independent power producer, qualifying facility, or any other entity which generates electricity.

The words “regarding,” “relate,” “related,” “relates” and “relating,” as used herein, mean involving, relating to, referring to, having any relationship to, pertaining to, evidencing or constituting evidence of, in whole or in part.

If you withhold any requested information from disclosure because you contend that it is "confidential" or otherwise subject to exemptions from disclosure in this proceeding under the Texas Public Information Act, Tex. Gov't Code Ch. 552, or otherwise, please consider this to constitute a formal Request under the Public Information Act. Please also submit a Privilege Index pursuant to and consistent with Procedural Rule § 7.3(d)(2).

If you have any question concerning the attached Questions or any of these instructions, please contact the undersigned.

Respectfully submitted,

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**ATTORNEYS FOR NXP SEMICONDUCTORS AND
SAMSUNG AUSTIN SEMICONDUCTOR, LLC**

CERTIFICATE OF SERVICE

I certify that a true and correct copy of this pleading has been forwarded by fax, U.S. first class mail, hand-delivery, or by courier service to Austin Energy and filed with the City Clerk on the 15 day of March, 2016.

Maria Faconti
Maria C. Faconti

**NXP Semiconductors and Samsung Austin Semiconductor, LLC Fourth Request for
Information to Austin Energy**

- 4-1. Regarding the overhaul schedule for the South Texas Project (STP), in what year did the last (three year scheduled) overhaul occur? Please provide the actual amounts charged to accounts 517 through 532 in Fiscal Year (FY) 2015 and the amount budgeted for STP maintenance in 2016.
- 4-2. Please provide the same information as requested above for the maintenance schedule described in Austin Energy's (AE's) cost of service WP D-1.2.2. for the Sand Hill Energy Center.
- 4-3. Regarding AE's requested non-nuclear decommissioning costs, as reflected in AE WP D-1.2.5, has the Austin City Council taken any formal action to close or decommission the Fayette Power Project?
- 4-4. Regarding AE's requested non-nuclear decommissioning costs, as reflected in AE WP D-1.2.5, has the Austin City Council taken any formal action to close or decommission the Sand Hill Energy Center?
- 4-5. Please provide the amount of salvage and land value included in the non-nuclear decommissioning study.
- 4-6. Please provide the actual uncollectible accounts expense charged to account 904 in 2015. Please provide the amount budgeted for 2016 for this expense.
- 4-7. Please provide the amount of Customer Assistance Program (CAP) revenue received in FY 2014 and 2015.
- 4-8. Please identify the major assets that contributed to the \$7,170,039 "loss on disposal of assets" reflected in account 421 and shown on WP E.4.3.
- 4-9. Please provide the amount of any salvage value related to the disposal of assets referenced in 4-7.
- 4-10. Please provide the amount of gains and losses on asset disposal for FY 13, FY 12, and FY 11.
- 4-11. Please describe how AE disposes of its assets and steps AE performs to minimize losses on asset disposal.
- 4-12. Has AE or the City of Austin conducted any cost benefit studies to confirm that AE rate payers benefit from an annual economic development transfer of \$11,437,520?
- 4-13. Please provide the actual AE debt service for FY 2015 and the amount budgeted for FY 2016.
- 4-14. Please explain why AE was not in compliance with Financial Policy reserve requirements in FY 2014.

- 4-15. Please provide for the last three fiscal years, the amount budgeted for internally generated cash for construction and the amount actually spent.
- 4-16. Please explain why AE is deducting \$3,506,703 in interest income received from the decommissioning fund.
- 4-17. AE recorded \$68 million in FY 2014 for revenue AE receives for ERCOT load use of AE's transmission system. AE also reports in its Fiscal Year 2014-15 Fourth Quarter Report that it expects to receive \$74.3 million for this revenue source in FY 2015. In light of this, please explain why AE has reduced the amount of transmission revenue AE expected to receive for its test year to \$62,129,913.
- 4-18. Please provide the AE total labor, the labor charged to O&M, and the number of Full-Time Equivalent's (FTE's) for FY 2014, FY 2015 and FY 2016.
- 4-19. In answer to NXP/Samsung RFI 2-1, AE provided a Schedule of Vendors in Attachment 1. AE failed to provide the type of service in enough detail to be useful. Please provide the type of service in enough detail to identify the service provided in an Excel spreadsheet, and specifically provide the scope of services provided, including whether which vendors were used to "supplement technology operations, security, Federal compliance initiatives and maintenance activities."
- 4-20. With reference to 4-15, please provide the documents for the "yearly request for services (that AE states) is based on the needs defined from the project portfolio and operation, security and Federal compliance objectives for technology."
- 4-21. With reference to the response to NXP/Samsung RFI 2-16, please provide the time frames for the 25% increase in natural gas prices stated on Slide No. 4 of the presentation to the Electric Utility Commission (EUC) – July 21, 2014.
- 4-22. With reference to the response to NXP/Samsung RFI 2-16, please provide the list and amounts of the "Other non-discretionary costs (that) may be included" referenced in Slide No. 10 of the presentation to the EUC – July 21, 2014.
- 4-23. Are any of the projects and purposes referenced in the response to NXP/Samsung RFI 2-1, related to the expenditures for the "IT projects and billing system enhancements" presented in Slide No. 22 of the presentation to the EUC – July 21, 2014.
- 4-24. Please provide the amount of Contributions in Aid of Construction (CIAC) collected from the end of the test year through December 2015 by project type referred to in AE's response to NXP/Samsung RFI 3-15.
- 4-25. Please state the outside requirement for each of the funds referred to as "restricted cash" in AE's response to NXP/Samsung RFI 2-17.
- 4-26. Please provide debt coverage ratio using the Comprehensive Annual Financial Report (CAFR) method at the end of the test year and at December 31, 2015, showing the

calculation and formula used for the CAFR and for budget purposes (updating compliance with AE's Financial Policies).

- 4-27. Please refer to AE's response to NXP/Samsung RFI 3-3. How much has the City contributed to Stenholm CIAC over the life of project? What are the anticipated contributions subsequent to the end of the test year?
- 4-28. What services did AE acquire from the Seaholm Power Development LLC? Please provide the total amount paid during the test year and the payments through December 31, 2015.
- 4-29. Please provide the number of years AE has employed programmers for IT Staff Augmentation. Please provide the estimated cost for IT Staff Augmentation during the time that base rates from this proceeding will be in effect.
- 4-30. Please explain how the rate payers of AE were benefited by paying for legal services in the *City of Austin v. Harry M. Whittington, et al.*
- 4-31. Please provide AE's response to NXP/Samsung RFI 1-107 in Excel format. Bates numbers 909-971.
- 4-32. Please provide account and/or fund number descriptions for all listed in NXP/Samsung RFI 1-107,
- 4-33. Please provide the cause and disposition of NAES v. City of Austin. What was the total amount paid to defend the City in the case?
- 4-34. Please refer to AE's Response to NXP/Samsung RFI 1-115, Attachment 1, Page 28 of 102. Please explain why AE chose to protect most cells of the cost of service model after it obtained permission from the holder of the license agreement to publicly distribute the model?
- 4-35. Refer to WP G-10.2, lines 12 and 13. Please fully explain and provide all support for the \$2,877,927 "Billing Adjustment." Please point to documentation in AE's filing that supports this adjustment.
- 4-36. Refer to Schedule G-7, line 50, and Schedule G-8, lines 339-360, wherein the costs of Service Area Street Lighting is spread to other customer classes as a "Community Benefit."
 - (a) What City of Austin department is responsible for determining where and when such lighting services are to be deployed?
 - (b) Does Austin Energy make all decisions regarding where and when such lighting services will be installed? If not, please fully describe how such decisions are made and who makes those decisions (including the City of Austin department in which that person or persons work).

- (c) What incentives does the department responsible for deploying or requesting such services have to insure that such lighting services are efficiently and economically deployed?
- 4-37. Refer to Schedule G-10, lines 6 and 20. The Residential under-recovery of costs was \$53,411,041 under current rates and will be \$60,658,296 under AE's proposed rates. Please explain how a rate that moves further away from cost recovery is not
- (a) unreasonably preferential;
 - (b) discriminatory;
 - (c) inefficient; and,
 - (d) contrary to cost of service principles.
- 4-38. If AE does not increase Residential rates during a proceeding in which the overall rates are being lowered, as in the current rate review, is it true, or likely, that the currently under-recovery will be compounded in the future when rate increases are proposed? If AE's response is not yes, please fully explain how AE's proposal will not exacerbate the Residential under-recovery problem in future rate increases.
- 4-39. See Figure 6.25, Regulatory Charges by Customer Class. Please provide Regulatory Charges for P4.
- 4-40. Refer to WP F-2.4. Why do the "Sum Max Demands" on worksheet line 47 (Excel file line 53) and the "12NCP Primary" on worksheet line 3 (Excel line 9) not match for either primary and secondary customers? Please provide a kW reconciliation for each and every difference in the kW by class by month and a narrative explanation of the differences.
- 4-41. Please add the following allocation factors for Demand Related Distribution Plant on Schedule G-6 of AE's class cost of service file, "AECostof ServiceModelv2" provided on Austin Energy's web site, and further allow changes to be made on worksheet "Schedule G-6", Excel lines 46, 47 and 50 so that the new allocation factors may be employed in addition to the already available allocation factors. The new allocation factors are:
- (a) "Sum of Summer NCP Primary"; and
 - (b) "Sum of Summer NCP Secondary", where "Sum of Summer NCP Primary" is equal to an allocation factor developed using the sum of primary NCP demands during the months of June through September provided on AE's WP F-2.4, and "Sum of Summer NCP Secondary" is developed in the same manner using secondary voltage class NCP demands.
- 4-42. Are AE's transformers capable of maintaining a higher continuous over-loading of rated capacity during cold weather than during hot summer peak periods?
- 4-43. How does the ambient temperature of the air affect the operation of AE's transformers in terms of sustained load transformation capability?

- 4-44. Are AE's conductors capable of maintaining a higher continuous over-loading of rated capacity during cold weather than during hot summer peak periods?
- 4-45. How does the ambient temperature of the air affect the operation of AE's conductors in terms of sustained load carrying capability?
- 4-46. Please rerun AE's class cost of service model (all schedules) using the allocation factors described above and provide the resulting Excel file that allows users to modify the allocation factors for Distribution Demand costs in Schedule G-6 to include the additional Summer NCP kW allocation factors describe above.
- 4-47. Refer to WP F-2.1, line numbers 30-33, "Coincident Peak @ ERCOT Peak, column (13), Total." Please explain and reconcile the differences between the total AE system kW at the time of the ERCOT system peak set forth on this workpaper with the demands set forth on Attachment 1, page 2 of 3, of AE's Response to NXP/Samsung RFI 3-2.
- 4-48. Please update AE's class cost of service file, "AECostof ServiceModelv2" provided on Austin Energy's web site as modified pursuant to NXP/Samsung RFI 4-2 above to include the cost and revenue impacts in Docket No. 45382.