

AUSTIN ENERGY

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AUSTIN ENERGY'S TARIFF PACKAGE:	§	BEFORE THE CITY OF AUSTIN
2015 COST OF SERVICE STUDY	§	IMPARTIAL HEARINGS
AND PROPOSAL TO CHANGE	§	EXAMINER
BASE ELECTRIC RATES	§	

**AE LOW INCOME CUSTOMERS' 7th SET OF REQUESTS FOR INFORMATION TO
AUSTIN ENERGY**

COMES NOW, Texas Legal Services Center ("TLSC") on behalf of AE Low Income Customers, requesting Austin Energy to respond to the following 7th set of Requests for Information set forth below relating to this case. Austin Energy is requested to serve its response to these Requests for Information on the attorney 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 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, minutes, records, photographs, correspondence, telegrams, 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 CenterPoint 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.
 - 12. “COS” means cost of service study AE presented as part of its rate case filing in this case.
 - 13. “TY” means test year and represents the time period AE relied upon in developing its cost of service study presented in this rate filing.

Instructions

- 1. Please answer the questions and sub-questions under oath and in the order in which they are listed and in sufficient detail to provide a complete and accurate answer to the question.
- 2. 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.
- 3. Please answer each question based upon your knowledge, information, or belief, and any answer that is based upon information or belief should state that it is given on that basis.
- 4. 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.

5. 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.
6. If any question appears confusing, please request clarification from the undersigned counsel.
7. 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.
8. 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.
9. Rather than waiting to provide all of the responses at the same time, please provide individual responses as each becomes available.
10. These questions are continuing in nature. If there is a change in circumstances or facts or 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, under oath, a supplemental response to your earlier answer.
11. 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.
12. If the response to any question is voluminous, please provide separately an index to the materials contained in the response.
13. 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.
14. If the information requested is included in previously furnished exhibits, workpapers, 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.
15. 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, including page (both section and Bates Stamp) references. Please include the Bates Stamp page number reference to any references to the rate filing package AE makes in responding to these RFIs.

7-1. In your response to AELIC 3rd RFI, No. 3-7, AE responded that it “does not support bonds with bonds.” By this answer are you stating that AE has incurred debt financed by bonds to fund its non-utility operations; in other words, “Debt Issues by Series” referenced in your response to AELIC No. 3-7(A) refers to bonds used, in whole or in part, to fund non-utility operations, correct?

7-2. If the answer to RFI No. 7-1 is yes, has AE pledged its revenues, including its regulated revenues, to payment of the bonds issued, in whole or in part, to fund non-utility operations?

7-3. Does AE report its revenues realized and expenses incurred for its non-utility operations to members of the financial community such as Moody’s Investors Service?

7-4. If the answer to RFI No. 7-3 is yes, does AE identify these revenues and expenses (including expenses related to its debt incurred to fund non-utility operations such as debt service) as non-utility operation revenues and expenses in its reporting of its operations to members of the financial community such as Moody’s Investors Service?

7-5. What is the amount of non-utility debt AE excluded from its TY 2014 COS? Please identify where that adjustment can be found in AE’s COS.

7-6. For each bond issuance identified in your response to AELIC 3rd RFI, No. 3-7, please provide the associated interest rate, the sinking fund requirement for the current and any future sinking fund requirement.

7-7. Other than the issuances referred to in your response to AELIC RFI No. 3-7 to you, has AE incurred any other type of debt related to its non-utility operations since TY 2009 up to FY 2015?

- 7-8. If the answer to RFI No. 7-7 is yes, please list each type of debt and for each debt state:
- a) The amount of interest; and
 - b) The amount of time to repay (i.e. the term of the debt instrument).
- 7-9. Does any of the residential base rate revenue amounts identified at WP G-10.2, Column (B), Bates Stamp p. 1005 include revenues AE realized from the CAP charge (See “Outflow of CAP Funds”, line 24, Schedule H-5.2, Bates Stamp p. 1070)? Please provide workpapers supporting your answer. If the answer is yes, please identify where in the COS the adjustment to the base rate revenues were made to add in the CAP rate-funded revenues.
- 7-10. Please provide all of the workpapers supporting the calculation of the \$257,323,175 amount of residential base rates identified at WP G-10.2, Bates Stamp p. 1005, including workpapers for all of the billing adjustments AE made and such other adjustments to residential kWh usage in the TY2014 and/or to revenues that were utilized to derive its TY 2014 base rate revenues.
- 7-11. AE responded to AELIC 3rd RFI to AE, RFI No. 3-23 stating that “[r]esidential customers are not eligible to qualify as Key Account customers.” If this is so, why did AE allocate some of the costs for its Key Accounts to the residential class? (Reference: Schedule G-6, line no.61, Bates Stamp p. 991).
- 7-12. Since no residential customers are eligible to qualify as Key Account customers, then why did AE state at p. 3-48 and 3-49 (Bates Stamp, p. 077-78) “Additionally, two Key Account representatives are dedicated to serving AE’s remaining commercial and residential customers.” In your explanation, please address how the Key Account representatives “serve” the residential customers and at what point a residential customer is “served” by a Key Account representative.
- 7-13. For any of AE’s FYs since AE’s TY 2009 underlying its last base rate case, has AE’s non-utility operations resulted in revenue amounts realized from its non-utility operations exceeding the amounts it incurred in expenses from its non-utility operations? In other words, did AE realize net operating income from its non-utility operations for any of its FYs subsequent to the TY 2009?
- 7-14. If the answer is yes, please identify each FY in which AE revenues realized from its non-utility operations exceeded the amount of revenues AE paid out in costs incurred from its non-utility operations and for each FY provide the following:
- a) The amount of revenues realized;
 - b) The operating and maintenance expenses;
 - c) The amount of debt-service payment made;
 - d) The total expenses incurred from AE’s non-utility operations.
- 7-15. What additional installation and infrastructure costs are incurred to serve a residential value of solar customer versus a non-value of solar residential customer? In your response, please address how if at all additional costs are incurred relating to meters; what elements/components of the distribution system are impacted and how each element/component is impacted; and how, if at all AE’s operating software for billing, distribution, and interactions with the grid are impacted, including both the embedded costs and the marginal operating costs. (Reference: AE Response to AELIC RFI No. 3-16(C))
- 7-16. In response to AELIC RFI No. 3-18 AE responded without explaining how each consideration impacted AE’s load making the response unclear. Moreover, AE failed to address the cost considerations requested to be addressed. Please provide what cost considerations are involved in AE’s design of a distribution system for each consideration identified in AELIC RFI No. 3-17 to AE. For instance, AE responded in AELIC RFI. No. 3-18 A saying the “size of the

residential structure typically relates to the size of the load.” What does this mean? Does this mean the larger the house, the greater the demand. How does this factor impact costs of the distribution system?

7-17. Please provide the aggregate kWh usage by residential customers whose service is located outside the Austin City limits for each of the following tiers broken out by the summer surcharge months and the winter months:

- a) Summer
 - 1. 0-500kWh
 - 2. 501-1000kWh
 - 3. 1001-1500kWh
 - 4. 1501-2500kWh
 - 5. 2501kWh and over
- b) Winter
 - 1. 0-500kWh
 - 2. 501-1000kWh
 - 3. 1001-1500kWh
 - 4. 1501-2500kWh
 - 5. 2501kWh and over

(If the kWh data using these tiers is not available, then AE may utilize the usage blocks it relied upon in deriving bill impacts. See WPH-3.1.2 and WP H-3.1.2.1, Bates Stamp pp. 1028 and 1029)

7-18. Please provide the aggregate kWh usage by residential customers whose service is located within the Austin City limits for each of the following tiers broken out by the summer surcharge months and the winter months:

- a) Summer
 - 1. 0-500kWh
 - 2. 501-1000kWh
 - 3. 1001-1500kWh
 - 4. 1501-2500kWh
 - 5. 2501kWh and over
- b) Winter
 - 1. 0-500kWh
 - 2. 501-1000kWh
 - 3. 1001-1500kWh
 - 4. 1501-2500kWh
 - 5. 2501kWh and over

(If the kWh data using these tiers is not available, then AE may utilize the usage blocks it relied upon in deriving bill impacts. See WP H-3.1.1 and WP H-3.1.1.1, Bates Stamp pp. 1026 and 1027)

7-19. In AE’s response to AELIC RFI No.3-3 to AE, a “Demand meter” and an “S-Net meter” were identified as in service to residential customers receiving three-phase electric service. In its response to AELIC RFI No. 1-14 AE did not identify a “demand meter” as a meter maintained and operated by AE for residential customers. Also, in that same response, AE identified a Net meter, not a S-Net meter. Please explain how the “demand meter” for residential customers receiving three-phase electric service is used by AE to provide service to these customers. In your explanation, please explain why this meter was not identified in your response to AELIC

RFI No. 1-14 and what the average cost of this meter is. Please also identify where this meter is located in AE's COS.

7-20. The S-Net meter identified by AE in its response to AELIC RFI No. 3-3 was not specifically identified in AE in its response to AELIC RFI No. 1-14 that requested AE to identify all meters used to serve residential customers. Please explain why it was not. Also, please briefly explain how AE uses this meter to provide service to these residential customers receiving three-phase electric service. Please provide the average cost for this meter. Please also identify where this meter is located in the COS.

7-21. For each meter type identified in your response to AELIC RFI No. 1-14 to AE, please provide the following:

- a) A brief explanation of how AE uses the meter to provide service to residential customers;
- b) How the meter is different from the other types of meters identified

7-22. Does AE maintain and operate any other meters for residential customers than those identified in AELIC RFI Nos. 3-3 and 1-14. If so, please list each such meter; provide a brief explanation of how AE uses the meter to provide service to residential customers; the average cost for the meter; and how the meter is different from the other types of meters identified in responding to the AELIC RFIs referred to in the previous sentence. Please also identify where the meter is located in AE's COS.

7-23. When did AE cease operating the Holly Power Plant to produce electric energy? In your response please also address when AE commenced Holly Power plant decommissioning activities as that term is used by AE at p. 4-71, Bates Stamp p. 100 of its rate filing package.

7-24. What are the termination dates for each of the coal supply contracts to which AE is a joint signatory with LCRA that are either in operation now or were in operation during the TY 2014. (Reference: AE response to AELIC RFI No. 4-15)

7-25. For each of the coal supply contracts whose termination dates are identified in RFI No. 7-24, please identify and quantify any costs such as financing penalty for early termination or for liquidated damages AE may incur as a signatory to the contract for early termination of the contract.

7-26. Does AE agree that AE's business operations must be consistent with its financial policy to maintain a debt service coverage ratio of not less than 2.0x on electric utility revenue bonds? (Reference: p. 4-58, Bates Stamp, p. 087).

7-27. Please identify each of the cost components AE included in deriving its \$21.68 cost of service customer charge. (Reference: AE response to Rourke RFI No. 1-5).

7-28. For each cost component identified in RFI No. 7-27, please provide the following:

- a) The aggregated cost of that component for the residential customer class that was included in deriving the cost of service customer charge;
- b) The amount included in the \$21.68 cost of service customer charge.
- c) A brief explanation of how that cost was used to derive the cost of service customer charge. In your explanation, please provide the underlying calculation(s) used to derive the cost of service customer charge. (For instance, the cost of the "X" component was divided by the number of TY 2014 residential customers)
- d) Where that cost component is located in the COS.

7-29. Please identify each of the cost components AE included in deriving its \$17.59 for its cost of service electric delivery charge.

- 7-30. For each component identified in RFI No. 7-29, please provide the following:
- a) The aggregated cost of that component for the residential customer class that was included in deriving the cost of service electric delivery charge.
 - b) The amount included in the \$17.59 cost of service electric delivery charge.
 - c) A brief explanation of how that cost was used to derive the cost of service electric delivery charge. In your explanation, please provide the underlying calculation(s) used to derive the cost of service electric delivery charge. (For instance, the cost of “X” component was divided by the number of TY 2014 residential customers)
 - d) Where that cost component is located in the COS.
- 7-31. Please explain how AE derived the \$.03069 cost of service energy charge. In your explanation, please provide the underlying calculations used to derive the cost of service energy charge. (Reference: AE Response to Rourke’s 1st RFI No. 1-5).
- 7-32. Please explain how AE’s transmission O&M expenses went from a Texas Public Utility Commission finding of \$10,884,465 in 2006 (Reference: PUC Docket No. 31462, Final Order, FOF No. 12A) to \$145,698,897 (characterized as nonfuel O&M) in this rate filing? (Reference: Schedule A, Bates Stamp p. 767). In your explanation please identify cost elements that were not included in both the transmission O&M expenses determined in PUC Docket No. 31462 and the amount included as nonfuel transmission O&M expenses in this rate filing.
- 7-33. For each cost element identified in RFI No. 7-32, please explain why it was not included in both O&M amounts.
- 7-34. For each reserve where AE uses its nonfuel O&M as its base to calculate the reserve amount (i.e. working capital reserve equals 45 days of nonfuel (also referred to as “non-power supply”) O&M), what was the dollar amount of nonfuel O&M AE used as a base to calculate the reserve.
- 7-35. In Attachment 1, p.1 of 89, AE’s response to AELIC (referred to as “TLSC”) RFI No. 1-32, there are two vertical columns entitled Austin Energy Calculation and PUCT. Please explain what those two columns represent. In your explanation, please explain what is meant by “Austin Energy Calculation” and what is meant by “PUCT”. Also, please address why the working capital amount set out under “PUCT” is less than the working capital amount set out under Austin Energy Calculation. Lastly, please address why reductions for Materials and supplies and for Pre-paid expenses were made under “PUCT” but not under “Austin Energy Calculation.”
- 7-36. For each expense item identified below, please state whether you included that expense into your calculation of working capital reserve.
- a) Prepayments
 - b) Materials
 - c) Supplies
 - d) Depreciation
 - e) Other taxes
 - f) Non-nuclear reserve

7-37. Please provide the amount for each expense item identified below that was included in AE's COS.

- a) Prepayments
- b) Materials
- c) Supplies
- d) Depreciation
- e) Other taxes
- f) Non-nuclear reserve

7-38. Did AE calculate its cash working capital in this rate filing the same way it calculated its cash working capital requirements in its TCOS filing in PUC Docket No. 31462? (This question is calling for a "formula" response.).

7-39. If the answer to RFI No. 7-38 is no, please explain the differences in AE's calculations.

7-40. Please provide the formula relied upon by rating agencies to measure a public power's number of days of cash on hand. In providing the formula, please briefly identify and define the components of the formula. (Reference: footnote No.1, p. 4-72, Bates Stamp p. 101).

7-41. Please explain what operating expenses 150 days "cash on hand" is supposed to cover.

7-42. Please identify each of the cost components AE included in deriving its \$.03069 cost of service energy charge. (Reference: AE Response to Rourke 1st RFI to AE, RFI No. 1-5).

7-43. For each cost component identified in RFI No. 7-42, please provide the following:

- a) The aggregated cost of that component for the residential customer class that was included in deriving the cost of service energy charge;
- b) A brief explanation of how that cost was used to derive the of service energy charge. In your explanation, please provide the underlying calculation(s) used to derive the cost of service energy charge; (For instance, the cost of the "X" component was divided by the number of kWh at the meter)
- c) Where that cost component is located in the COS.

7-44. Please identify, including horizontal and vertical column references, where the kWh usage AE relied upon in deriving its cost of service is located in its COS.

Respectfully Submitted

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CERTIFICATE OF SERVICE

The undersigned certifies that TLSC has served a copy of the attached document upon all known parties of record by email and to the Impartial Hearing Examiner on the 29th day of March 2016

/S/ Lanetta M. Cooper
Lanetta M. Cooper