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

Motion To Compel AE to Respond to AELIC 7th RFI

TO THE HONORABLE JUDGE HERRERA:

COMES NOW, the undersigned attorney on behalf of Austin Energy Low Income Consumers ("AELIC") requesting Your Honor to compel AE to respond to AELIC 7th RFI Nos.7-24, 7-32, and 7-33, stating as follows:

I.

Statement of Conference

Previous to the filing of this Motion to Compel, AELIC negotiated with AE concerning the aforementioned RFIs. That negotiation was unsuccessful.

II.

AELIC 7th RFI No. 7-24

RFI Restated: 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).

Objection made: AE objected to this RFI contending that it is neither relevant nor is likely to lead to relevant information; and, further, that this information is confidential.

Discussion:

Relevance: The information requested in this RFI is relevant because it addresses the reasonableness of AE's non-nuclear decommission reserve. A key component to determining the reasonableness of AE including any amounts relating to the decommission costs of the Fayette Power Project ("FPP") in its calculation of the amount of a known and measureable cost increase adjustment to its Cost of Service is the reasonableness of the timeline for when FPP's will cease operating. A long term coal contract addresses the reasonableness of AE's assumed time line.

Confidentiality: In negotiating with AE, AELIC agreed to limit its request to determining whether AE had long term coal contracts and not learning specific termination dates. The negotiated information request is not confidential. AE's partner, Lower Colorado River Authority ("LCRA"), in ownership to FPP has published on its website its FY 2014 Financial Statements that include discussion of its coal contracts. See attached title page and relevant page in report. A review of LCRA's discussion of the coal contracts AE concedes it has in partnership with LCRA shows that the negotiated information request is consistent with information LCRA is already publishing for public consumption. Consequently, AE's claim of confidentiality is without merit.

Request: AELIC requests Your Honor to find the information asked for in this RFI is relevant to the issues in this case; and to further find that the information requested is not confidential. AELIC requests that Your Honor compel AE to respond to this RFI based on the negotiated requested information.

III.

AELIC RFI No. 7-32

RFI Restated: 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.

Objection made: AE objected to this RFI contending the RFI called for information that is not relevant to this proceeding nor likely to lead to the discovery of relevant information; specifically AE claimed the issue of the reasonableness of TCOS filings is outside the scope of this proceeding.

Discussion:

Relevance: This information is extremely relevant to determining the reasonableness of AE's requested levels of reserves whose amounts rely upon a calculation that uses nonfuel O&M as a base. An example is the cash working reserve that is based on 45 days of nonfuel O&M. AE has included the $145,698,465 in transmission nonfuel O&M in its calculation of cash working reserve. Consequently, the reasonableness of this amount must be viewed in comparison to what the PUC found to be transmission O&M. To the extent these costs differ, an issue of subsidization occurs. This raises the issue of whether an adjustment should be made in the calculation of AE's cash working reserves to exclude the transmission portion of nonfuel O&M from the calculation of the 45 days of nonfuel O&M. This issue is extremely relevant because AE uses the cash flow method for setting its TCOS rates before the PUC and it also has a cash working reserve included in its TCOS filing. Consequently, determining whether AE was consistent in developing its reserves and its nonfuel O&M for purposes of establishing its revenue requirement in its TCOS filing and in this rate filing is a factor to determine the reasonableness of its cash reserve calculation in this filing. AE is seeking an adjustment to the TY2014 of $11 million increase to address its alleged reserves shortfall. This adjustment puts into question whether it is AE's base rates that should bear this increase in rates or whether it is a cost properly allocated to AE's TCOS which is under the jurisdiction of the PUC. In short, this RFI is seeking information which addresses whether AE is subsidizing its TCOS customers which include wholesale customers with AE's base rate proposals in relation to its reserve levels.

Request: AELIC requests Your Honor to find the information asked for in this RFI is relevant to the issues in this case and to compel AE to respond to this RFI.

IV.

AELIC RFI No. 7-33

RFI restated: For each cost element identified in RFI No. 7-32, please explain why it was not included in both O&M amounts.

Objection: AE made the same objection as stated in Paragraph II above. AE incorporates that language herein by this reference.

Discussion:

Relevance: The information requested is relevant for the same reasons as set forth in Paragraph II above and incorporated herein by this reference. Moreover, AELIC is concerned that AE may be double counting certain elements. In its TCOS filing before the PUC, it uses a cash flow analysis that takes into consideration many elements. To the extent its transmission O&M in this case contains elements that are different from those presented to the PUC raises the issue of whether some of the O&M elements in this case are being double counted in the cost of service.

Request: AELIC requests Your Honor to find the information asked for in this RFI is relevant to the issues in this case and to compel AE to respond to this RFI.

PRAYER

Wherefore, premises considered, AE requests Your Honor to grant AELIC the relief stated above and to grant AELIC such other relief in law or in equity to which it is entitled.

Respectfully Submitted this 13th day of April, 2016.

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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 13th day of April 2016

____
Lanetta M. Cooper

ATTACHMENT TO Motion To Compel—

LOWER COLORADO RIVER AUTHORITY

FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
June 30, 2014, and 2013

With Independent Auditors' Report

LCRA
ENERGY • WATER • COMMUNITY SERVICES

LCRA received insurance proceeds of $1 million and $10.3 million in FY 2014 and FY 2013, respectively for compensation of damages relating to the delay in the startup of Sandy Creek. Proceeds exceeding expenses resulting from the delay in startup are reflected as nonoperating revenues on the Statement of Revenues, Expenses and Changes in Net Position.

Ferguson Replacement Project: On April 20, 2011 the LCRA Board approved the Ferguson Replacement Project with a budget of $500.8 million to replace the 420-MW Thomas C. Ferguson Power Plant built in 1974. LCRA, the selected contractor, executed the contract for the project on Aug. 25, 2011 and began construction on April 27, 2012. As of June 30, 2014 the selected contractor had commenced testing the newly constructed 540-MW combined-cycle power plant with an expected completion date of Sept. 30, 2014. Upon testing completion the plant will be turned over to LCRA for commercial operations. The estimated total cost of the completed project is approximately $463.5 million.

Leases: LCRA leases and operates certain transmission facilities and equipment owned by 9 of LCRA's wholesale electric customers. The leases are the basis for LCRA to provide the same service to all of its customers and for the cost of such service to be shared by all customers on a consistent basis. Payments for the leased facilities vary from year to year and are based on the original cost of the facilities, adjusted for depreciation, and are updated annually to reflect additions, retirements and depreciation. The terms of the leases are perpetual but may be terminated by LCRA or the lessors upon five years written notice. In addition, LCRA leases towers and related space to provide shared communications with a number of public entities and leases a portion of its office facilities. LCRA's lease payments totaled approximately $13.4 million and $14.1 million in FY 2014 and FY 2013, respectively. Leases associated with transmission facilities comprise approximately 87 percent of total LCRA leases for FY 2014.

The following is a schedule by year of future minimum rental payments required under these operating leases for the remaining noncancellable lease terms as of June 30, 2014 (dollars in millions):

Fiscal Year	Minimum Lease Payments
2015	$ 12.9
2016	13.4
2017	13.9
2018	14.4
2019	14.9

Coal Contracts: The fuel for FPP comes from mines in Wyoming's Powder River Basin and more than half of the annual fuel requirements are being or are planned to be supplied under annual and multi-year contracts.

In calendar year 2014, approximately 50 percent of FPP Units 1 and 2's annual requirements are being supplied through long-term contracts whose terms expire at the end of calendar year 2014 and 2015. Also for calendar year 2014, approximately 30 percent of annual requirements are being supplied pursuant to an annual contract.

In calendar year 2014, approximately 20 percent of the annual fuel requirements for FPP Unit 3 are being provided pursuant to two separate annual contracts. Two multi-year contracts, whose terms expire at the end calendar years 2014, and 2015, respectively, supply approximately 60 percent of the annual requirements for Unit 3 during calendar year 2014.

LCRA's management does not anticipate difficulties in purchasing the remaining requirements at the then-prevailing market prices because it uses multiple suppliers and various types of coal contracts.

Rail Transportation Contracts: Both the Union Pacific Railroad and the BNSF Railway Company have transportation access to FPP. Currently, LCRA and Austin Energy are using a long term transportation contract to deliver coal to FPP.

Natural Gas: LCRA has several long-term contracts to provide a portion of the natural gas requirements to its gas-fired generation units through 2015. LCRA is committed to buy a fixed amount of gas annually. LCRA's gas purchases under these contracts totaled $112.6 million for FY 2014 and $93.5 million for FY 2013. LCRA paid $3.9