

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

**AUSTIN ENERGY'S RESPONSE TO NXP SEMICONDUCTORS' AND
SAMSUNG AUSTIN SEMICONDUCTOR, LLC'S
SIXTH REQUEST FOR INFORMATION**

Austin Energy ("AE") files this Response to NXP Semiconductors' and Samsung Austin Semiconductor, LLC's (collectively, "NXP/Samsung") Sixth Request for Information submitted on April 6, 2016. Pursuant to the City of Austin Procedural Rules for the Initial Review of Austin Energy's Rates § 7.3(c)(1), this Response is timely filed.

Respectfully submitted,

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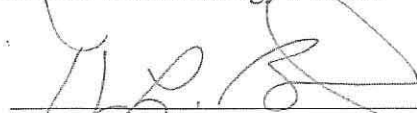
HANNAH M. WILCHAR

State Bar No. 24088631

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 18th day of April, 2016, in accordance with the City of Austin Procedural Rules for the Initial Review of Austin Energy's Rates.



THOMAS L. BROCATO

AUSTIN ENERGY
2016 APR 18 AM 11:23

Austin Energy's Response to NXP/Samsung's 6th RFI

NXP/Samsung 6-1 Please provide the number of Austin Energy Full Time Equivalents (FTEs) in the approved 2015-2016 Budget.

ANSWER:

The number of FTEs is 1,672.75. See also AE's Response for NXP/Samsung RFI No. 4-18.

Prepared by: DK
Sponsored by: Mark Dombroski

NXP/Samsung 6-2 Please provide the number of total City FTEs for each of the departments or funds listed in Austin Energy's Response to NXP/Samsung RFI No. 3-9 Attachment 1.

ANSWER:

The total number of City FTEs for each of the departments or funds listed in attachment to NXP/Samsung 3-9 was included in the original attachment. The FTEs were listed in the column titled "2013 FTEs" in the original attachment.

Prepared by: DS
Sponsored by: Mark Dombroski

NXP/Samsung 6-3 When and why did Austin Energy replace the originally filed Excel spreadsheet on the Rate Review Site? (This question is in reference to the replacement that occurred before the April 4, 2016 update.)

ANSWER:

Austin Energy originally filed a live working model of its cost of service model on Thursday February 4, 2016 at 3:03 pm. Austin Energy immediately discovered that the Excel file, saved as a *.xlsm file, was not properly downloading in the Google Chrome browser even though it did properly download in both Microsoft Internet Explorer and Mozilla Firefox. At 3:09 pm, Austin Energy placed a tag next to the link to the cost of service model which read, "Updated 2/4/16. 5MB. Works best in Internet Explorer and Firefox." This tag was placed on the website to warn the public that attempting to download the model in a browser other than Internet Explorer or Firefox might cause technical difficulties.

By 9:26 am on Friday February 5, 2016, Austin Energy determined that the problem users might experience trying to download the COS file in Google Chrome was caused by the *.xlsm file extension. At 9:58 am, Austin Energy's consultant NewGen Strategies and Solutions informed Austin Energy that the *.xlsm file extension was used because they had enabled macros to run automated checks on figures and links throughout the spreadsheets to ensure that the scores of work papers were tabulating correctly. At that time, NewGen disabled the macros and removed them from the file. These macros did not provide the public with any usable functionality and the removal of the macros did not change any number, calculation, or analysis related to the actual cost of service study.

With these macros removed, Austin Energy resaved the file as a *.xlsx file at 11:00 am. At 2:21 pm, the new *.xlsx file was uploaded to Austin Energy's rate review website, replacing the previous *.xlsm file. After testing the new file, AE's web team determined that the problem experienced downloading the file using Google Chrome was resolved. The tag stating that the file "Works best in Internet Explorer and Firefox" was removed because the technical difficulties of downloading the file in Google Chrome were resolved.

Prepared by: BE
Sponsored by: Mark Dombroski/ Kerry Overton

NXP/Samsung 6-4 Why did Austin Energy not notify all Intervenorors that the filed Excel spreadsheet on the Rate Review Site was replaced?

ANSWER:

Austin Energy did not send out a notice to the intervenors on February 5, 2016 because:

1. No changes were made to the actual cost of service figures, calculations or analyses.
2. The publicly-available functionality of the model was not altered in any way.
3. The model remained available for download and use by the public while Austin Energy worked to resolve the technical issues related to downloading using Google Chrome.
4. The change from a *.xlsm file to a *.xlsx file had no bearing on any user of the model once the file was successfully downloaded.
5. Users attempting to download the file using Google Chrome were unlikely to succeed in downloading the file, and even if they could have, there would have been no perceivable difference between the *.xlsm file and the *.xlsx file.
6. The website tag that indicated model-download worked best in Internet Explorer and Firefox was removed once the technical difficulties were resolved.
7. Austin Energy was not aware that any intervenor had experienced any problems attempting to download the COS file during the approximately 24-hour period of technical difficulties. (Nor is Austin Energy aware of any intervenor experiencing difficulties downloading the file prior to or after that approximately 24-hour period.)

Prepared by: BE
Sponsored by: Mark Dombroski

Austin Energy's Response to NXP/Samsung's 6th RFI

NXP/Samsung 6-5 Please provide the amount of dollars, directly or indirectly, in account 923 related to the combined billing system.

ANSWER:

For the Test Year 2014, the amount included in FERC 923 related to the combined billing system was \$2,223,342.93.

Prepared by: MA
Sponsored by: Mark Dombroski

NXP/Samsung 6-6 Please provide the amount of dollars, directly or indirectly, in account 923 related to the 311 Call Center.

ANSWER:

No dollars were included in FERC 923 that were related to the 311 Call Center.

Prepared by: MA
Sponsored by: Mark Dombroski

NXP/Samsung 6-7 Please provide the total amount spent from inception on the combined billing system. Include amounts paid to IBM and all other contractors who were engaged on the project. How much of the total cost was capitalized and how much expensed?

ANSWER:

The total amount spent from inception on the combined billing system is \$70,831,000. The amount capitalized is \$39,962,299. The amount expensed is \$30,868,701.

Prepared by: DK
Sponsored by: Mark Dombroski

NXP/Samsung 6-8 Please explain why Austin Energy has a direct charge for Audit Expense recorded in FERC account 923. Is this in addition to the amount paid to the City for support service or other payments?

ANSWER:

The direct charge is for the Office of the City Auditor's (OCA's) staff working directly on Austin Energy related projects and is in addition to the amount paid to the City for support service or other payments.

Prepared by: MA
Sponsored by: Mark Dombroski

Austin Energy's Response to NXP/Samsung's 6th RFI

NXP/Samsung 6-9 Please reconcile the depreciation and amortization amount shown on Schedule A with the amount shown on C-3.2.1 of Austin Energy's Rate Filing (Excel spreadsheets).

ANSWER:

The amount shown on Schedule A is the sum of test year depreciation expense and amortization expense while the amount shown on WP C-3.2.1 is depreciation expense only. Please refer to Schedule E-1, lines 92 and 95.

Prepared by: MM
Sponsored by: Mark Dombroski

NXP/Samsung 6-10 Refer to WP G-10.1.1, line 17 (Excel row 17). The "Billing Adjustment Factor" of -0.47% is calculated on the basis of the differences between total "FY14 Actual Base Revenue" in column (A) and total "FY14 Calculated Base Revenue" in column (B).

- A. Please provide the "FY14 Calculated Base Revenue" in column (B) by rate class. If AE makes a claim of customer confidentiality, provide the requested information for the other remaining classes.
- B. Please calculate the individual "Billing Adjustment Factors" for each class. Provide the factors out to not less than four significant digits. Note that this information is not subject to claims of customer confidentiality insofar as it provides no information that related to competitive matters.
- C. Why did Austin Energy not employ class specific adjustment factors to make this calculation?
- D. Does the ratio of "FY14 Actual Base Revenue" to "FY14 Calculated Base Revenue" vary by class?
- E. Fully explain why a single system wide factor employed for all classes.
- F. Fully explain for each individual customer class why "FY14 Actual Base Revenue" is different than "FY14 Calculated Base Revenue." What factors resulted in there being differences between these two sets of revenue.
- G. Refer to Schedule G-10, line 12 (Excel row 18) and line 2 (Excel row 8). Why are these amounts different? Please reconcile these amounts.
- H. Refer to WP G-10.2, line 12 (Excel row 18) and line 2, (Excel row 8). Why are these amounts different? Please reconcile these amounts.

ANSWER:

- A. Austin Energy has not calculated FY14 Calculated Base Revenue by rate class. Base revenues are not easily attributed to customer classes, due to accounting system limitations and the imprecision of assigning long-term contract customers to the appropriate current rate classes. Since AE could not calculate class specific adjustment factors for each class with sufficient precision, an overall adjustment factor was developed.
- B. See response to item A.
- C. See response to item A.
- D. See response to item A.
- E. See response to item A.
- F. See response to item A. In theory, there are many factors that may contribute to a difference between revenue recorded in the financial/accounting systems and calculated revenues. These may include, but are not limited to, partial month billing, billing cycles, meter rereads, billing errors and disputed bills.

Austin Energy's Response to NXP/Samsung's 6th RFI

- G. The results on Schedule G-10, line 2 list the rate revenue for each customer class based on current rates as well as Test Year fuel and pass-through charges. The results on line 12 list the rate revenue for each customer class based on current rates as well as current fuel and pass-through charges.
- H. The results on WP G-10.2, line 2 list the base rate revenue for each customer class based on current rates. The results on line 12 list the base rate revenue for each customer class based on proposed rates.

Prepared by: GR
Sponsored by: Mark Dombroski

NXP/Samsung 6-11 Please describe the ERCOT "credits" referred to in AE current tariff for the Regulatory Charge. Please provide the amount of the "credits" included in the Regulatory Charge during the test year.

ANSWER:

This request is subject to a pending objection. Notwithstanding this objection, Austin Energy is providing the requested information pursuant to the Texas Public Information Act, Tex. Gov't Code Ch. 552.

Prepared by: -
Sponsored by: -

NXP/Samsung 6-12 Please provide the number of FTEs assigned to AE's IT function.

ANSWER:

The number of FTEs assigned to AE's Information Technology are:

FY 14 Approved FTE Count – 145

FY 15 Approved FTE Count – 145

FY 16 Approved FTE Count – 148

Prepared by: DK/KN
Sponsored by: Mark Dombroski

NXP/Samsung 6-13 Please provide in Excel spreadsheet format a list of the contracts/charges in FERC Account 923 described as "Other" in Work Paper D-5.1, including a description of the services provides and/or nature of the charge.

ANSWER:

Please see Attachment 1.

Prepared by: BB
Sponsored by: Mark Dombroski

NXP/Samsung 6-14 Please provide the number and amount of all workers compensation claims filed and/or settled during the Test Year for Austin Energy.

ANSWER:

In the test year, Austin Energy received 96 workers compensation claims. Of those, 67 claims incurred recordable medical expenses totaling \$330,140. Under the City of Austin's workers compensation plan, the City of Austin pays for 100% of the medical costs incurred with each claim up to the maximum medical improvement amount identified in the plan.

Prepared by: GD
Sponsored by: Kerry Overton

NXP/Samsung 6-15 Please provide the amount of losses associated with the disposition of On-Site Energy Systems assets included in the test year and in the prior three years.

ANSWER:

This request is subject to a pending objection. Notwithstanding this objection, Austin Energy is providing the requested information pursuant to the Texas Public Information Act, Tex. Gov't Code Ch. 552.

Prepared by: -
Sponsored by: -

NXP/Samsung 6-16 Please refer to WP G-10.1.1. Austin Energy has reduced the Base Rate Revenue for Transmission Voltage ≥ 20 MW at 85% aLF by \$2,539,854 (38.9%). Please explain and reconcile the "Normalized Base Revenue Under Current Rates" in column (C) with "FY14 Actual Base Revenue" in column (A). Fully describe the basis for this adjustment to revenue.

ANSWER:

There are a few contributing factors to the difference in base revenue for the customers in the Transmission Voltage ≥ 20 MW at 85% aLF (T2) class.

1. The main reason for the difference is due to the different rate structures applicable to each column. The T2 class had been long-term contract (LTC) customers in FY 2014. The LTC rates were composed of demand and energy charges plus a fuel charge. There were no other pass-through charges. Under the current T2 rate, there is a customer charge, delivery charge, demand charge, energy charge as well as fuel and other pass-through charges (including the Community Benefit Charge and Regulatory charge). Because the base rates under the current T2 rate structure are lower than the LTC base rates, the current base revenue is only about 60% of the LTC base rate revenue. Column A is the FY 2014 actuals base revenue, which was charged LTC rates. Column C is the base revenue from current T2 rates.
2. The T2 load was slightly lower in the normalized Test Year than it was in the FY 2014 actual year.
3. In AE's FY 2014 base revenue report, all the LTC customer revenues were comingled. Thus, AE used annual kWh as a means to allocate LTC base revenues from all LTC customers to individual customer classes. As explained later in this response, this allocation was sufficient for the purposes of WP G-10.1.1.

It is important to note that only the total base revenue on line number 15 in column A on WP G-10.1.1 has any impact on the analysis or any other worksheets in the Rate Filing Package.

Prepared by: GR/FL
Sponsored by: Mark Dombroski

NXP/Samsung 6-17 Please provide the workpapers supporting the transfer to the Workers Compensation Fund that was used in the rate filing and the approved budget for 2015-2016.

ANSWER:

Please refer to Attachment 1 for the work paper supporting the transfer to the Workers Compensation Fund for the FY 2016 Proposed Budget. The Austin Energy proposed amount was adopted as shown in the attachment. In the rate filing package, Known and Measurable adjustments are made to align the Workers Compensation test year cost with the FY 2016 Budget.

Prepared by: DK/DS
Sponsored by: Mark Dombroski

Workers' Compensation

Attachment 1

13,012,479**Unit 9999, Object 6243**

Page 1 of 1

2016 Proposed

| Fund | Department | | | | Approved | Proposed | Increment |
|-----------|------------|---------------------------------------|-----------|--------|------------|------------|-------------|
| | | | 2015 FTEs | | 2015 | 2016 | 2016 |
| 1000 | 4600 | Municipal Court | 166.75 | 1.4% | 231,761 | 186,931 | (44,830) |
| 1000 | 5300 | Development Services | 292.00 | 2.5% | 424,295 | 327,340 | (96,955) |
| 1000 | 6800 | Planning & Zoning | 71.00 | 0.6% | 74,876 | 79,593 | 4,717 |
| 1000 | 8300 | Fire | 1,283.00 | 11.1% | 1,728,222 | 1,438,276 | (289,946) |
| 1000 | 8500 | Library | 368.05 | 3.2% | 502,037 | 412,594 | (89,443) |
| 1000 | 8600 | Parks and Recreation | 637.25 | 5.5% | 870,753 | 714,374 | (156,379) |
| 1000 | 8700 | Police | 2,529.25 | 21.8% | 3,400,865 | 2,275,906 | (1,124,959) |
| 1000 | 9100 | Health & Human Services | 217.75 | 1.9% | 286,289 | 244,103 | (42,186) |
| 1000 | 9200 | Animal Services | 98.50 | 0.8% | 133,532 | 110,421 | (23,111) |
| 1000 | 9300 | Emergency Medical Services | 570.50 | 4.9% | 769,730 | 639,545 | (130,185) |
| | | GF Total | 6,234.05 | 53.7% | 8,422,360 | 6,429,084 | (1,993,276) |
| | | | | | | | |
| 5010 | 1100 | Austin Energy | 1,672.75 | 14.4% | 2,338,903 | 1,875,196 | (463,707) |
| 7470 | 5500 | Economic Development | 56.00 | 0.5% | 74,107 | 62,777 | (11,330) |
| 5020/5030 | 2200 | Austin Water Utility | 1,147.35 | 9.9% | 1,618,251 | 1,286,209 | (332,042) |
| 5040 | 1500 | Austin Resource Recovery | 414.00 | 3.6% | 580,269 | 464,105 | (116,164) |
| 7050 | 1600 | Code Compliance | 108.00 | 0.9% | 151,010 | 121,071 | (29,939) |
| 5060 | 8200 | Austin Convention Center | 202.25 | 1.7% | 284,541 | 226,728 | (57,813) |
| 5430 | 8200 | Palmer Events Center Operating | 39.00 | 0.3% | 54,531 | 43,720 | (10,811) |
| 5432 | 8200 | Palmer Events Center Garage | 8.75 | 0.1% | 11,885 | 9,809 | (2,076) |
| 5070 | 8100 | Aviation | 379.00 | 3.3% | 506,162 | 424,869 | (81,293) |
| 5080 | 8600 | PARD - Golf | 41.00 | 0.4% | 53,133 | 45,962 | (7,171) |
| 5100 | 6300 | Watershed - Drainage | 273.75 | 2.4% | 381,369 | 306,881 | (74,488) |
| 5120 | 6200 | PW-Transportation Fund | 303.00 | 2.6% | 437,649 | 339,671 | (97,978) |
| 5125 | 2400 | ATD-Mobility Fund | 143.00 | 1.2% | 181,771 | 160,307 | (21,464) |
| 5460 | 6000 | PW-CPMF | 188.00 | 1.6% | 281,045 | 210,753 | (70,292) |
| 5610 | 2400 | Austin Trans - Parking Mgmt Fund | 55.50 | 0.5% | 72,009 | 62,217 | (9,792) |
| 7TSF | 4600 | Traffic Safety Fund | 1.00 | 0.0% | 2,796 | 1,121 | (1,675) |
| 7790 | 6200 | Child Safety | 14.25 | 0.1% | 12,584 | 15,975 | 3,391 |
| 7010 | 7200 | Neighborhood Housing & Community Dev. | 25.00 | 0.2% | 33,558 | 28,026 | (5,532) |
| 7JCM | 4600 | Juvenile Case Manager Fund | 9.00 | 0.1% | 12,584 | 10,091 | (2,493) |
| 5280 | 6400 | Fleet | 205.00 | 1.8% | 286,639 | 229,810 | (56,829) |
| 5270 | 7800 | Wireless | 40.00 | 0.3% | 55,930 | 44,841 | (11,089) |
| 5490 | 5600 | CTECC | 48.00 | 0.4% | 64,319 | 53,809 | (10,510) |
| | | | 5,373.60 | 46.3% | 7,495,045 | 6,023,948 | (1,471,097) |
| | | | | | | | |
| | | City-Wide Total | 11,607.65 | 100.0% | 15,917,405 | 12,453,031 | (3,464,373) |

Austin Energy's Response to NXP/Samsung's 6th RFI

NXP/Samsung 6-18 Please provide the amount included in O&M for the Test Year and any known and measurable adjustments for Customer Care Operations, including the 3-1-1 Call Center. Please identify the amounts by FERC account.

ANSWER:

Customer Care Expenses

| | FY 2014 | Remove Non-Utility | Known & Measurable Adjustment - Labor | Known & Measurable Adjustment - City Transfers (311 Call Center) | TY 2014 |
|-----|----------------------|-------------------------------|--|---|----------------------|
| 417 | \$ 2,603,350 | \$ (1,419) | | \$ 779,252 | \$ 3,381,183 |
| 421 | (1,000,000) | | | | (1,000,000) |
| 514 | 4,141 | | | | 4,141 |
| 580 | 8,503 | | 17,955 | | 26,458 |
| 583 | 24,265 | | | | 24,265 |
| 588 | 16,439 | | | | 16,439 |
| 598 | | | 275 | | 275 |
| 592 | 306 | | | | 306 |
| 901 | 108,932 | | 11,885 | | 120,817 |
| 902 | 13,977,645 | | 520,727 | | 14,498,372 |
| 903 | 28,801,966 | | 2,174,008 | | 30,975,974 |
| 905 | (19,118,238) | | | | (19,118,238) |
| 907 | 3,018 | | (2,229) | | 789 |
| 909 | 2,111 | | | | 2,111 |
| 912 | 33,192 | | (25,606) | | 7,587 |
| 913 | 21,502 | | | | 21,502 |
| 916 | 428 | | | | 428 |
| 920 | 1,105,148 | | 62,508 | | 1,167,655 |
| 921 | 290,801 | | (0) | | 290,801 |
| 923 | 31,059 | | | | 31,059 |
| 930 | 385,198 | | 339 | | 385,537 |
| | \$ 27,299,766 | \$ (1,419) | \$ 2,759,862 | \$ 779,252 | \$ 30,837,461 |

Prepared by: CG
Sponsored by: Mark Dombroski

- NXP/Samsung 6-19 Regarding Austin Energy's proposed reduction of \$6,844,343 to transmission revenue resulting in a reduce proposed test year amount of \$62,129,919, from FY 2014 transmission revenue of amount of \$68,974,261, please provide an explanation of where the additional approximate \$14 million in revenue is accounted for in light of the following;
- A. In Public Utility Commission Docket 42385 (June 2014), Austin Energy received approval of Austin Energy's proposed interim transmission cost of service of \$1,160.111 per MW, which according to the testimony of Russell H. Maenius would increase AE's annual revenues by \$10,286,336.
 - B. Austin Energy's approved transmission cost of service in Docket No. 42385 was \$75,697,440, as shown on Schedule A of Austin Energy's transmission rate filing.
 - C. Austin Energy's transmission revenue based on Docket No. 43881 (2015 transmission matrix) utilizing updated ERCOT 4 CP numbers is \$73,876,692.
 - D. Austin Energy reports in its Fiscal Year 2014-15 4th Quarter Report that it expects to receive \$74.3 million for ERCOT's use of AE's transmission system.
 - E. Austin Energy's revenue approved by the PUC in Docket 45382 on March 25, 2016 is \$76,609,599.

ANSWER:

This request is subject to a pending objection.

Prepared by: -
Sponsored by: -

NXP/Samsung 6-20 Is Austin Energy proposing to offset the recovery of transmission expense with transmission revenue received from ERCOT?

ANSWER:

This request is subject to a pending objection.

Prepared by: -
Sponsored by: -