

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' Response to Austin Energy's Second Request for Information

NXP Semiconductor, Inc. ("NXP") and Samsung Austin Semiconductor, LLC, ("Samsung") (collectively, "Customers"), each on its own behalf, by and through its attorneys of record, files this Response to Austin Energy's ("AE") Second Request for Information, submitted on May 5, 2016. Pursuant to the March 10, 2016 Revised Procedural Schedule, this Response is timely filed.

Respectfully submitted,

By: *Maria Faconti*
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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, e-mail, U.S. first class mail, hand-delivery, or by courier service to all parties and filed with the City Clerk on the 10th day of May, 2016.

Maria Faconti
Maria C. Faconti

AUSTIN ENERGY
2016 MAY 10 AM 11:35

AE 2-1 Please provide all data sources, calculations, and assumptions utilized in developing Table 3: Recommended Reserves and Table 4: Excess Reserve Balance included in the Direct Testimony and Exhibits of Marilyn J. Fox on Behalf of NXP Semiconductor, Inc. and Samsung Austin Semiconductor, Inc.

Answer: For data sources and calculations, please see attached worksheet.

Assumptions:

1. AE's claimed decrease in the PSA implemented in April 2016 was approximately correct.
2. AE's reserves balances at September 15, 2015 shown on AE Work Paper C-3.2.1 were correct.

Prepared by: Marilyn J. Fox

Sponsored by: Marilyn J. Fox

Reserve Funding

| Description | Reference | FY 2014 | AE Adjusted Test Year | NXP/Samsung | |
|---|-----------|------------------|--------------------------|------------------|----------------|
| | | | | Adjustments | Recommended |
| Recoverable Fuel Cost | | \$ 501,593,157 | \$ 412,844,601 | \$ (70,000,000) | \$ 342,844,601 |
| Non Recoverable Fuel Cost | | \$ 13,714,130 | \$ 37,959,112 | | \$ 37,959,112 |
| Non Fuel O&M | | \$ 519,823,209 | \$ 553,244,219 | \$ (43,504,610) | \$ 509,739,609 |
| Portion of Non Recoverable Fuel that is Green Choice | | | \$ 22,772,679 | \$ - | \$ 22,772,679 |
| Total O&M Including Fuel | | \$ 1,035,130,495 | \$ 1,004,047,932 | \$ (113,504,610) | \$ 890,543,322 |
| Total O&M Excluding Fuel and Green Choice Billed to Cus | | \$ 533,537,338 | \$ 568,430,652 | \$ (43,504,610) | \$ 524,926,042 |
| Depreciation Expense | | \$ 145,651,759 | \$ 145,651,759 | \$ - | \$ 145,651,759 |
| General Fund Transfer | | \$ 105,000,000 | \$ 105,000,000 | \$ - | \$ 105,000,000 |
| Reserve Requirements | | | | | |
| Per Financial Policy | | | | | |
| Working Capital | | | | | |
| 45 days O&M Excluding Power Supply | 45 | \$ 65,778,576 | 45 \$ 70,080,491 | 45 | |
| Strategic Reserve | | | | | |
| Contingency | | | | | |
| 60 days O&M Excluding Power Supply | 60 | 87,704,768 | 93,440,655 | | |
| Emergency | | | | | |
| 60 days O&M Excluding Power Supply | 60 | 87,704,768 | 93,440,655 | | |
| Rate Stabilization | | | | | |
| 90 days of Power Supply | 90 | 123,680,504 | 107,412,480 | | |
| Repair and Replacement Reserve | | | | | |
| 50 % of Depreciation Expense | 50% | 72,825,880 | 72,825,880 | | |
| Total Reserves per Financial Policy | | \$ 437,694,496 | \$ 437,200,161 | | |
| Calculated Days of Cash on hand (Per Fitch) | | 154 | 159 | | |

| | Existing Policies Days | Existing Policies with Adjusted Test Year | Reserve Study Days | Per Reserve Requirement Study | NXP/Samsung Days | NXP/Samsung Adjustments to AE Adjusted Test Year | NXP/Samsung Recommended |
|--|------------------------|---|--------------------|-------------------------------|------------------|--|-------------------------|
| Working Capital | | | | | | | |
| O&M Excluding Power Supply | 45 | \$ 70,080,491 | 60 | \$ 93,440,655 | 45 | \$ (28,723,746) | \$ 64,716,909 |
| Contingency | | | | | | | |
| O&M Excluding Power Supply | 60 | 93,440,655 | 60 | 93,440,655 | 60 | \$ (7,151,443) | 86,289,212 |
| Rate Stabilization | | | | | | | |
| Power Supply | 90 | 107,412,480 | 105 | 125,314,560 | - | \$ (125,314,560) | 0 |
| Capital Reserve | | | | | | | 50% |
| 50 % of Depreciation Expense | 50% | 72,825,880 | 50% | 72,825,880 | 50% | - | 72,825,880 |
| Excess from Elimination of Emergency Fund | | | | | | \$ 125,314,560 | 125,314,560 |
| Subtotal | | \$ 343,759,506 | | \$ 385,021,750 | | \$ (35,875,189) | \$ 349,146,562 |
| Additional to meet 150 days Cash on Hand | | \$ 68,862,932 | | \$ 27,600,688 | | \$ (10,770,542) | \$ 16,830,146 |
| Total Reserves per Reserve Requirement Study | | \$ 412,622,438 | | \$ 412,622,438 | | \$ (46,645,731) | \$ 365,976,708 |
| Rating Agency Standard - 150 days cash on hand | 150 | \$ 412,622,438 | 150 | \$ 412,622,438 | 150 | \$ (46,645,730) | \$ 365,976,708 |

Reserve Balances as of September 2015 (Unaudited)

| | | | |
|--|------------------|-----------------|-----------------|
| Working Capital | \$ 251,115,560 | \$ 251,115,560 | \$ 251,115,560 |
| Strategic Reserve | 152,233,075 | 152,233,075 | 152,233,075 |
| Repair & Replacement Reserve | 64,071 | 64,071 | 64,071 |
| Mark to Market Adjustment | (984,653) | (984,653) | |
| Total Reserves | \$ 402,428,053 | \$ 402,428,053 | \$ 403,412,706 |
| | AE | NewGen | NXP/Samsung |
| Per Financial Policy Existing and Study | \$ 437,200,161 | \$ 412,622,438 | \$ 365,976,708 |
| Deficiency (Excess) per Financial Policy | \$ 34,772,108 | \$ 10,194,385 | \$ (37,435,998) |
| | 3 | 3 | |
| Adjustments | \$ 11,590,703.00 | \$ 3,398,128.27 | \$ - |