

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

AELIC'S RESPONSE TO AUSTIN ENERGY'S SECOND REQUEST FOR INFORMATION

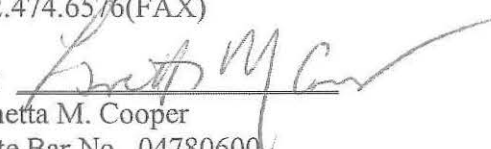
To Austin Energy:

Attached are AELIC's responses to Austin Energy's Second Request for Information filed on May 6, 2016.

Respectfully Submitted,

Texas Legal Services Center
2101 Interstate 35 South, Suite 300
Austin, Texas 78741
512.477.6000
512.474.6576(FAX)

By:


Lanetta M. Cooper

State Bar No. 04780600

lcooper@tlsc.org; oyesapa@yahoo.com

Randall Chapman

State Bar No. 04129800

rchapman@tlsc.org

Attorneys for AE Low Income Consumers

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 10th day of May 2016


Lanetta M. Cooper

AELIC Response to AE RFI No. 2-1

AE 2-1 Under 'Adjustments to AE's O&M,' page 2, part 1b, please provide all supporting documentation and calculations for the annual recovery of \$1,834,000 in costs and the reduction of \$17,566,000 to AE's O&M expense.

Answer: Documents relied upon by AELIC: Appendix I to AE's rate filing package and Figure 4.3, p 4-63 of the rate filing package. See pp.1 and 2 of AELIC's Statement of Position/Presentation filed in this case.

The formula AELIC relied upon is correctly stated in its Statement of Position/Presentation. However, an error was made in the calculation. The "low range estimate" for the Decker Creek PP is 18,551,374; divided by 5 results in an annual recovery of \$3,710,274 a reduction of \$15,732,034 (\$19,442,308 – \$3,710,274) to AE's O&M expenses.

Prepared by: LMC

Sponsored by: Lanetta M. Cooper

AELIC's Response to AE 2-2

AE 2-2 Under 'Adjustments to AE's O&M,' page 3, parts 3a through 3e, please provide all supporting documentation and calculations.

Answer: Documents AELIC relied upon: See AELIC Response to AE RFI No. 2-1, AE Response to ICA 2nd RFI No. 2-30; AE Response to AELIC 7-34; Schedule A, Schedule C-3.2.1; Schedule G-6, Schedule G-5, Schedule D-3, WP D-3, WP D-3.1.1 of AE's rate filing package; Chapter 4.4 of AE's rate filing package.

AELIC cannot find its original calculations and will supplement this response if and when found. AELIC described its calculations. Differences in the calculations from the Statement of Position/Presentation and this response can be attributable to rounding and also to the calculation error found in No. AE 2-1. AELIC made two adjustments (and one alternative adjustment) that resulted in reducing AE's O&M. Those adjustments were discussed in Sub paragraphs Nos 1 & 2 of AELIC's Statement of Position/Presentation. Those adjustments were:

- Disallowance of AE's requested annual recovery of \$19,442,308 in non-nuclear expenses AE placed in its O&M expenses;
- An alternate level of disallowance of O&M expenses in the amount of \$15,732,034 relating to non-nuclear reserves as corrected in AELIC response to AE 2-1 that resulted in reducing AE's annual recovery request from \$19,442,308 to \$3,710,274.
- A reduction of \$8,343,640 (\$16,806,578-\$8,462,938) to reduce the amount of bad debt to the level as of FY 2015.

The two adjustments (and alternate) combined equal a recommended reduction to AE's O&M of \$27,785,948 (full disallowance of non-nuclear decommissioning reserve expense) or the alternate recommended O&M adjustment total of \$24,075,674.

To derive the reserve funding adjustment, AELIC calculated the ratio derived by dividing the number of days of O&M AE determined to be necessary to be covered in each reserve related to AE's non-fuel O&M by 365 days, the number of days in the year. These ratios are then applied to the total O&M adjustments recommended by AELIC and the amounts summed up for the total adjustment to reserve.

The ratios are: Working Capital Reserve $45 \div 365 = 12.32\%$

Emergency Reserve $60 \div 365 = 16.43\%$

Contingency Reserve $60 \div 365 = 16.43\%$

