

AUSTIN ENERGY'S TARIFF PACKAGE: §
2015 COST OF SERVICE STUDY §
AND PROPOSAL TO CHANGE BASE §
ELECTRIC RATES §

BEFORE THE CITY OF AUSTIN
IMPARTIAL HEARING EXAMINER

**INDEPENDENT CONSUMER ADVOCATE'S
RESPONSE TO AUSTIN ENERGY'S SECOND REQUEST FOR INFORMATION**

Pursuant to § 7.3(c)(1) of the Procedural Rules for the Initial Review of Austin Energy's Rates, the Independent Consumer Advocate ("ICA") hereby timely responds to Austin Energy's **Second** Request for Information. The witness sponsoring these responses is ICA's expert witness Clarence Johnson.

Respectfully submitted,



John B. Coffman
Independent Consumer Advocate

Submitted this date: May 23, 2016

CERTIFICATE OF SERVICE

The forgoing filing has been served upon all of the email addresses contained on the official Service List for this proceeding as found on the website for the Office of the City Clerk's website on this 23rd day of May, 2016.



AUSTIN ENERGY
2016 MAY 23 AM 7:46

Request for Information 2-1 from Austin Energy: On page 16, line 3, please provide the details for the uncollectable calculation amount of \$10,199,660.

ICA Answer: ICA provided a native excel file "Uncollectible Workpaper" which contains the calculation. As shown in the testimony and workpaper, AE electric revenues (from AE annual reports) were compared to uncollectibles for each year 2008-2014, resulting in an uncollectible amount per annual revenue ratio for each year. An average of the ratios was calculated for a five-year period (2010-2014) and a seven-year period (2008-2014). The testimony uses the five-year ratio (0.8379%), which is more conservative (i.e., higher ratio). This ratio is multiplied times Austin Energy's claimed electric revenue requirement of 1,217,227,000 (column J, line 36, Schedule A of Rate Filing) with a resulting uncollectible amount of \$10,199,660. Note that the uncollectible amount would be approximately \$200 thousand less if ICA's proposed revenue requirement changes are adopted (based on a revenue requirement of \$1.193 billion).

Request for Information 2-2 from Austin Energy: Please state the date the uncollectible cost was requested by the utilities listed in the table at the top of page 16.

ICA Answer: The final order month/year for dockets which contained the listed uncollectible amounts: SWEPCO Docket No. 40443, 3/2014; EPE Docket No. 44941, Final Order pending approval of settlement as of 5/2016, case filed 7/2015; SPS Docket No 35695, 12/2015; ETI Docket No. 39896 11/2012.

Request for Information 2-3 from Austin Energy: Page 19, lines 14-15 states, "the Decker decommissioning cost is almost one-half of the plant's original gross cost." Please provide any supporting documentation or citation used to develop this amount.

ICA Answer: RFP WP/ D-1.2.5 shows Decker decommissioning cost of \$28 million. AE Response to ICA Request No. 4-6 (G) indicates gross depreciable original cost plant (excluding land, land rights and water rights) of \$63 million for Decker 1 and 2. The decommission cost is 44% of the original cost shown on the table in that response. Since this response is based on comparing salvage value to original cost, I assume that AE has isolated the specific original cost applicable to decommissioning.

Request for Information 2-4 from Austin Energy: Please identify the specific location by tab name, cell adjusted, and the adjustment amount applied for each adjustment the ICA made to AE's model.

ICA Answer: Schedule CJ-5 contains the locations of changes made to AE's 3d version of its class cost of service model. The request also asks for "amounts" of the changes. I presume the reference to "amounts" refers to changes related to revenue requirements. The first three items of Schedule CJ-5 reflect insertion of revenue requirement adjustment amounts. The uncollectible change is a deduction of \$5.855 million in the known and measurable cell (see uncollectible workpaper). The non-nuclear decommissioning change is a reduction of \$9.386 million, as shown on Schedule CJ-1. The revenue imputation is reflective as a negative expense item of \$5.817 million (see footnote 'a' of Schedule CJ-5).

In addition, new allocation factors were developed, and were inserted on Tab Schedule F-6 as reflected on Schedule CJ-5. For rows shown there, allocation factors were pasted from the following excel workpapers: *Workpaper BIP-R*, *Customer*, *Rev Dist*, *A&P.xls*; and *Allocator Workpaper.xls*.

Request for Information 2-5 from Austin Energy: For each witness you sponsor, please provide in native format all calculations, exhibits, models, studies, and workpapers supporting the testimony and positions taken therein.

ICA Answer: Please see the response and information provided for AE Request No. 1-1 to ICA. Attached is a workpaper associated with the cross rebuttal testimony of Mr. Johnson.

Quantify Goble Allocation Changes On Residential Class

	As Filed	with AE-4CP	Difference
Residential Deficiency	53,411	62,519	9,108
Distribution demand change			2,711
billing adjust. Allocation			1,338
Total			13,157