

To summarize, NXP/Samsung's recommendations are as follows:

Revenue Requirement:

- Decommissioning – Total savings to revenue requirement - (\$19.4 million). Reduce allocation to \$12.6 million for Decker Units 1 & 2 only and fund it out of reserves rather than expenses in the revenue requirement. Pages 8-10
- Internally Generated Funds for Construction – Total savings to revenue requirement (\$38.3 million). Pages 10-15
- Transmission Costs and Revenues - Total savings to revenue requirement (\$14 million). Pages 15-27
- Uncollectable Expense – Total savings to revenue requirement (\$8.4 million). Pages 28-29
- Economic Development/Community Programs – Total savings to revenue requirement (\$9.1 million). Page 28
- Loss on Asset Disposal – Total savings to revenue requirement (\$7.2 million). Pages 29-30
- Customer Care – Total savings to revenue requirement (\$10.3 million). Pages 30-31
- Rate Case Expense – Total savings to revenue requirement (\$212,000). Page 32
- Outside Services – Total savings to revenue requirement (\$6.8 million). Page 32
- Property Transfer Sales – Total savings to revenue requirement (\$14.5 million) Page 37
- Change the use of the Cash Flow method as it discourages transparent accounting and sound operational and financial decisions, or reduce revenue requirement to indicate an understanding that the Cash Flow method produces an inflated revenue requirement. Page 35-36
- Allow for Pass-through charges to be reviewed as part of a detailed contested case rate review process just like they would be at the PUC. Page 60-61
- Require Austin Energy to treat their reserves as retained earnings similar to how other utilities are required to treat them. Page 36

Cost Allocation

- A&G Expense – NXP/Samsung support Austin Energy's allocation of A&G expense. Pages 38

- Allocation of Production Costs – NXP/Samsung supports the use of the 4CP/A&E Allocation Method. Pages 45-46
- Allocation of Distribution Costs – NXP/Samsung support the use of the 4 Summer NCP Allocation Method. Page 50-52
- Allocation of Meters and Meter Reading Expenses – NXP/Samsung agree with Austin Energy’s allocation of meter and meter reading expenses. Pages 53-55
- Revenue Distribution/Allocation/Spread – NXP/Samsung propose that all classes be moved to their fully allocated class cost of service in *this* rate review. Pages 55-58
- Policy – Prevent piecemeal ratemaking by allowing Pass-through charges to be reviewed and adjusted outside of a base rate proceeding in an improved transparent and comprehensive contested hearing just like they are at the PUC. Pages 60-62
- Regulatory Charge – Revise the current tariff to fully account for all costs and apply all revenues transparently to reduce the revenue requirement for the benefit of ratepayers. Pages 63

We want to thank the IHE and fellow intervenors for their hard work in making this process as productive as possible and we look forward to the next steps in the process.