

**AUSTIN ENERGY'S
2022 BASE RATE REVIEW**

§ **BEFORE THE CITY OF AUSTIN**
§
§ **IMPARTIAL HEARING EXAMINER**

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

Austin Energy files this Response to the Independent Consumer Advocate's ("ICA") Fourth Request for Information ("RFI") submitted on May 31, 2022.¹ Pursuant to the 2022 Austin Energy Base Rate Review Procedural Guidelines § F(2)(f)(1), this Response is timely filed.

Respectfully submitted,

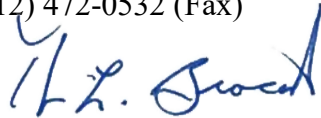
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**ATTORNEYS FOR THE CITY OF AUSTIN
D/B/A AUSTIN ENERGY**

¹ The ICA's Fourth Request for Information was submitted to the Rate Review Administrator on Monday, May 30, 2022, which is a holiday, so it is considered submitted the following business day, on May 31, 2022.

ICA 4-1: Referring to the response to ICA 2-3, please provide the percentages based on revenues net of power supply costs, consistent with the calculation shown on Appendix C, Page C-69.

ANSWER: This request was withdrawn by the ICA.

Prepared by: N/A

Sponsored by: N/A

ICA 4-2: Referring to the response to ICA 2-5: a) For how many years are the \$8 million per year expected to continue; and b) Provide the actual contributions to the non-nuclear decommissioning fund for each year 2017- 2021.

ANSWER: This request was withdrawn by the ICA.

Prepared by: N/A

Sponsored by: N/A

ICA 4-3: Referring to the response to ICA 2-6, please describe the correction to the adjustment referenced in the last sentence.

ANSWER: This request was withdrawn by the ICA.

Prepared by: N/A

Sponsored by: N/A

ICA 4-4: Referring to the response to ICA 2-8, are the amounts for FY 2023-2025 contractual obligations? If so, please provide documentation supporting those obligations. The response should also explain what each of the "Phases" Seven through Ten represent and describe how the dollar amounts for those phases were determined.

ANSWER: No. The contractual obligations are strictly for leased vehicles through the Altec lease agreement for phases One through Six. Phases Seven through Eleven are not yet contracted. Austin Energy has two amendments to the Altec lease contract that are pending with Austin City Council for action in September 2022. Austin Energy believes both amendments will pass and will be in effect when new rates become effective.

One amendment provides for an extension due to supply chain delays to replace leased sunset vehicles from the original phases of the lease to ensure vehicles are kept in service until future phases are contracted and received. The second amendment is to contract Phases Seven through Eleven with future projections of lease costs and maintenance. Please see Attachment ICA 4-4, the finance worksheet which delineates base lease costs and unplanned maintenance costs using an escalation factor for fluctuating manufacturer costs.

See Attachment ICA 4-4.

Prepared by: RC

Sponsored by: Mark Dombroski

2021/10-1 Altec Amendment 3 Worksheet

Instructions: Please complete the required vehicle lists needed for each phase and the quantity of each vehicle per phase (column **A**) and the yellow highlighted areas, then send to Altec. Have Altec provide quotes for columns **B** and **C**. When you get the quotes back from Altec, complete column **D** using historical trend/expense information, then return the completed worksheet back to me by COB Wednesday, October 6th.

NOTE: You can add more rows to each phase as necessary.

| Municipal Lease (Phase SEVEN) <i>Delivery Date: 5/15/2023</i> <i>Pick-up Date: 5/14/2028</i> | (A) Quantity Required For Phase 7 | (B) Price Per Unit(s) Per Month | (C) Extended Price Per Unit(s) for Phase 7 Time Period (60 months) | (D) Extended Allocation for Damages and/or Unscheduled Maintenance (60 months) |
|---|---|---|--|--|
| Specification Type | | | | |
| 47' diggers single axle DC47 | 4 | \$29,219.00 | \$2,191,425.00 | \$110,088.00 |
| 50' diggers D4050 | 1 | \$9,316.66 | \$559,000.00 | \$27,522.00 |
| 48' buckets | 11 | \$55,733.37 | \$3,344,000.00 | \$302,742.00 |
| 50' buckets | 2 | \$20,150.01 | \$1,209,000.60 | \$82,566.00 |
| 77' buckets | 1 | \$8,991.60 | \$539,500.00 | \$27,522.00 |
| 80' elevator A65'-E82' | 1 | \$10,714.17 | \$648,850.00 | \$27,522.00 |
| 55' bucket | 3 | \$14,833.34 | \$2,225,000.00 | \$55,044.00 |
| 65ton crane | 1 | \$15,783.75 | \$947,025.00 | \$27,522.00 |
| Backyard digger/bucket combo | 1 | \$6,765.99 | \$405,959.15 | \$27,522.00 |
| TOTALS: | | \$149,593.64 | \$12,069,759.75 | \$688,050.00 |
| Municipal Lease (Phase EIGHT) <i>Delivery Date: 6/12/2023</i> <i>Pick-up Date: 6/11/2028</i> | (A) Quantity Required For Phase 8 | (B) Price Per Unit(s) Per Month | (C) Extended Price Per Unit(s) for Phase 8 Time Period (60 months) | (D) Extended Allocation for Damages and/or Unscheduled Maintenance (60 months) |
| Specification Type | | | | |
| 48' diggers tandem axel | 1 | \$10,554.75 | \$633,285.00 | \$27,522.00 |
| 55' bucket | 3 | \$23,362.50 | \$1,401,750.00 | \$82,566.00 |
| 48' buckets | 13 | \$69,160.00 | \$4,149,600.00 | \$357,786.00 |
| 50' buckets | 3 | \$21,157.50 | \$1,269,450.00 | \$82,566.00 |
| 60' buckets | 1 | \$8,266.00 | \$495,960.00 | \$27,522.00 |
| 100' bucket | 1 | \$12,248.67 | \$734,919.75 | \$27,522.00 |
| Underground truck | 1 | \$6,357.25 | \$381,435.25 | \$27,522.00 |
| Effer automatic trans | 1 | \$15,593.57 | \$935,613.70 | \$27,522.00 |
| 18ton crane | 1 | \$7,265.99 | \$435,959.35 | \$27,522.00 |

| | | | | |
|-----------------|---|--------------|-----------------|--------------|
| 67' bucket AN67 | 1 | \$10,621.47 | \$577,288.30 | \$27,522.00 |
| TOTALS: | | \$184,587.70 | \$11,015,261.35 | \$715,572.00 |

| Municipal Lease (Phase NINE) Delivery Date: 2/12/2024 Pick-up Date: 2/13/2029 | | (A) Quantity Required For Phase 9 | (B) Price Per Unit(s) Per Month | (C) Extended Price Per Unit(s) for Phase 9 Time Period (60 months) | (D) Extended Allocation for Damages (60 months) |
|---|--|--|---------------------------------------|---|--|
| Specification Type | | | | | |
| 48' buckets | | 5 | \$27,930.00 | \$1,675,800.00 | \$137,610.00 |
| 55' buckets | | 7 | \$57,238.02 | \$3,434,287.50 | \$192,654.00 |
| 67' bucket AN67 | | 1 | \$11,152.54 | \$669,152.40 | \$27,522.00 |
| 48' diggers tandem axel | | 7 | \$77,577.43 | \$4,654,644.75 | \$192,654.00 |
| Underground | | 1 | \$6,675.12 | \$400,507.01 | \$27,522.00 |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| TOTALS: | | | \$180,573.11 | \$10,834,391.66 | \$577,962.00 |
| Municipal Lease (Phase TEN) Delivery Date: 3/11/2024 Pick-up Date: 3/12/2029 | | (A) Quantity Required For Phase 10 | (B) Price Per Unit(s) Per Month | (C) Extended Price Per Unit(s) for Phase 10 Time Period (60 months) | (D) Extended Allocation for Damages (60 months) |
| Specification Type | | | | | |
| Pressure digger | | 1 | \$10,454.80 | \$627,288.30 | \$27,522.00 |
| 48' buckets | | 4 | \$23,461.21 | \$1,407,672.00 | \$110,088.00 |
| 55' buckets | | 7 | \$60,100.04 | \$3,606,001.91 | \$192,654.00 |
| 48' digger tandem axel | | 2 | \$22,829.92 | \$1,369,795.46 | \$55,044.00 |
| Underground | | 7 | \$48,127.59 | \$2,887,655.82 | \$192,654.00 |
| 50' bucket | | 1 | \$7,264.08 | \$435,844.50 | \$27,522.00 |
| | | | | | |
| | | | | | |
| | | | | | |
| TOTALS: | | | \$164,973.56 | \$9,898,413.49 | \$577,962.00 |

| Municipal Lease (Phase ELEVEN) Delivery Date: 01/12/2026 Pick-up Date: 01/11/2030 | (A) Quantity Required For Phase 11 | (B) Price Per Unit(s) Per Month | (C) Extended Price Per Unit(s) for Phase 11 Time Period (60 months) | (D) Extended Allocation for Damages (60 months) |
|---|--|---------------------------------------|---|--|
| Specification Type | | | | |
| Effer EC685 | 1 | \$17,932.60 | \$1,075,955.76 | \$27,522.00 |
| 55' buckets | 1 | \$9,015.01 | \$540,900.31 | \$27,522.00 |
| 60' buckets TA60 | 1 | \$9,505.90 | \$570,354.00 | \$27,522.00 |
| 48' buckets | 8 | \$49,268.56 | \$2,956,111.20 | \$220,176.00 |
| 48' digger single axel | 1 | \$8,765.70 | \$525,942.00 | \$27,522.00 |
| 50' bucket | 2 | \$15,254.56 | \$915,273.46 | \$55,044.00 |
| 18ton crane | 1 | \$7,992.59 | \$479,555.30 | \$27,522.00 |
| | | | | |
| | | | | |
| TOTALS: | | | | |
| | | \$94,487.77 | \$5,669,263.27 | \$330,264.00 |

ICA 4-5: Referring to the response to ICA 2-9, Attachment ICA 2-9b, what are the present numbers of actual employees for each of the line items? The response should be provided in Excel format.

ANSWER: Refer to Attachment ICA 4-5 for the number of employees as of end of April 2022.

Prepared by: JG

Sponsored by: Jerry Galvan

| Title | Number of Employees |
|---------------------------------|---------------------|
| Business Systems Analyst | 1 |
| Client Relationship Analyst | 13 |
| Customer Service Representative | 155 |
| Customer Solutions Coordinator | 1 |
| IT Application Analyst | 1 |
| IT Support Analyst | 1 |
| Program Coordinator | 4 |
| Quality Improvement Specialist | 1 |
| Utility Account Specialist | 8 |
| Total | 185 |

ICA 4-6: Referring to the response to ICA 2-11, why does Austin Energy not expect to collect payment on the disputed bill for pole attachments?

ANSWER: This is due to the uncertainty of collecting on AT&T pole attachment bills due to an ongoing dispute and negotiations on an expired contract.

Prepared by: JHO / MG

Sponsored by: Brian Murphy

ICA 4-7: Referring to the response to ICA 2-13, please provide *budgeted* Base Revenue under Current Rates reflecting Fiscal Year 2022 billing determinants, with supporting documentation.

ANSWER: This request was withdrawn by the ICA.

Prepared by: N/A

Sponsored by: N/A

ICA 4-8: Referring to Appendix C, Page C-105, please provide the actual charge-offs net of recoveries for each year 2017 – 2021.

ANSWER:

| | <u>Bad Debt Expense</u> |
|-------------|--------------------------------|
| 2017 | 4,862,275 |
| 2018 | 4,504,988 |
| 2019 | 4,326,336 |
| 2020 | 4,893,724 |
| 2021 | 13,831,190 |

Prepared by: MG

Sponsored by: Monica Gonzalez

ICA 4-9: Please provide the typical replacement cost for a standard service line for a new single-family residence and a new commercial customer.

ANSWER: Cost estimates for line extensions for new single-family residents and new commercial customers can range between \$200 and \$1,000,000.

For residential services where an Austin Energy design is not required, One-Stop will charge the following:

- Residential overhead service with standard 200 amp meter, up to 75 feet of service wire = \$400.
- Residential overhead service with standard 320 amp meter, up to 55 feet of service wire = \$400.
- Residential underground service with standard 200 amp meter, up to 150 feet of service wire = \$800.
- Residential underground service with standard 320 amp meter, up to 150 feet of service wire = \$1600.
- Standard single phase meter (up to 320 amps) where service wire is provided by customer or was included in an Austin Energy Design = \$200.
- Standard three phase meter where service wire is provided by customer or was included in an Austin Energy Design = \$300.
- Specialty metering equipment will be subject to actual cost.
- Affordable Housing receives percent discount based on SMART Housing Certification.

For projects where an Austin Energy Design is required, Austin Energy's meter and service wire charges will be included in the total line extension cost. Costs for line extensions are site-specific and vary widely based on size and type of service requested, availability of space, capacity of electrical infrastructure at the site, and other parameters.

Source:

<https://austinenergy.com/ae/contractors/electric-service-design-and-planning>

Prepared by: JL / MP

Sponsored by: Thomas Pierpoint

ICA 4-10: The Decker Steam Power Plant is scheduled to be removed from service in 2022. Please identify (with references to workpapers/schedules) and explain whether the original cost of this plant was removed from gross plant in service and the depreciation expense for this plant was removed from cost of service.

ANSWER: No. The Decker assets were not removed from gross plant, accumulated depreciation, or depreciation in the Cost of Service.

Prepared by: GR

Sponsored by: Grant Rabon

ICA 4-11: If a customer terminates service and is not replaced by a new customer at the same premises, please identify any customer classified costs which would cease to be incurred or any resulting savings in customer classified costs.

ANSWER: The response depends on the time horizon considered. In the short-term, the costs to provide customer-related services are fixed, and there are no customer-classified costs that cease to be incurred when a customer terminates service and is not replaced by a new customer at the same premises. In the long-term, however, the following customer-classified costs would cease to be incurred to serve that premise until a new customer joins the system at that premise: customer accounting, customer service, meter reading, uncollectible expense, and key accounts expense.

Prepared by: BTM

Sponsored by: Brian Murphy

ICA 4-12: Please quantify the amount of overtime pay and other Winter Storm Uri restoration costs during Feb. 2021, compared to February 2020 and 2019.

ANSWER: Overtime associated with Winter Storm Uri, which occurred in February 2020, was booked in March 2020. Austin Energy incurred the following major cost components related to Winter Storm Uri: \$4.3 million related to labor and benefits, \$1.2 million related to overtime, and \$1.3 million related to contract labor. No Winter Storm Uri costs were incurred in February 2020 or 2019.

Prepared by: MM

Sponsored by: Rusty Maenius