

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

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

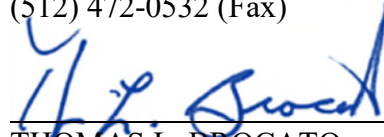
**AUSTIN ENERGY'S RESPONSE TO SIERRA CLUB AND PUBLIC CITIZEN'S
FIFTH REQUEST FOR INFORMATION**

Austin Energy files this Response to Sierra Club and Public Citizen's ("SCPC") Fifth Request for Information ("RFI") submitted on June 8, 2022. 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**

SCPC 5-1: For Fayette, state whether Austin Energy has included or proposes to include in the current 2021 test year base any costs associated with compliance with the Coal Combustion Residuals Rule, 40 C.F.R. Part 257, as amended by 30 Tex. Admin. Code Chapter 352 ("CCR Rule"), or the Effluent Limitations Guidelines Rule, 40 C.F.R. Part 423 ("ELG Rule").

- a. If Austin Energy has included CCR or ELG Rule costs in the test year, provide a breakdown of all CCR and ELG costs included in the test year rate base.
- b. If Austin Energy has not included CCR or ELG Rule costs in the test year, explain whether Fayette is subject to the CCR or ELG Rule and explain when Austin Energy plans to begin collecting CCR and ELG project costs in rate base.
- c. Admit that ELG or CCR expenditures could be avoided by making a commitment to cease burning coal under the CCR Rule's alternative closure provisions, 40 C.F.R. § 257.103, or the ELG Rule, 40 C.F.R. § 423.19(f), and identify the specific costs that could be avoided by committing to retire by 2028.
- d. Please provide all economic analyses and projections of the cost of complying with the CCR or ELG Rules, including but not limited to all studies evaluating retirement or replacement alternatives.

ANSWER:

- a. LCRA, as managing partner of the Fayette Power Plant (FPP), filed with the Texas Commission on Environmental Quality on January 12, 2022, the registration application required under the Coal Combustion Residuals Rule (CCR). Austin Energy is not aware of specific costs associated with the CCR filing that might have been included in the Test Year as part of the operations and maintenance expenses that Austin Energy is responsible for at FPP. Austin Energy has requested a breakdown of any costs associated with the preparation of the filing that occurred during the test period.

Here is a URL link to the LCRA CCR registration filing:
https://cms.lcra.org/tceq_CCR_application/2022-Registration_Application_Coal_Combustion_Residuals_FINAL.pdf

The Effluent Limitations Guideline Rule (ELG) does not apply to FPP.

- b. The Fayette Power Project is not subject to the ELG rules. Regarding the CCR rules, see the LCRA filing referenced above. Austin Energy does not currently have plans for the inclusion of CCR costs, if any, in rate base. Such costs would be addressed in future base rate reviews to the extent they are incurred in the relevant test year.

- c. See filing made by LCRA in response to the CCR as addressed in Austin Energy's Response to SCPC 5-1a and at the URL link provided.
- d. Austin Energy filed a Notice of Procedural Guidelines Section C(2) Ruling on June 21, 2022 because the City of Austin Law Department determined that some responsive information is considered confidential competitive information which Austin Energy cannot legally disclose.

Prepared by: KG / RJ / AP

Sponsored by: Pat Sweeny

SCPC 5-2: Please Refer to Attachment SCPC 2-3D to Austin Energy's Response to the Conservation Organizations' Second RFI. Please provide hourly dispatch and emissions results for the Fayette Power Plant for all carbon price scenarios considered by AE in producing the analysis shown on pages 026 through 030 of Attachment SCPC 2-3D.

- a. Is Austin Energy currently using a carbon price in its economic dispatch, and does it plan to do so in the future?
- b. If so, please provide and explain the prices used. If not why not?

ANSWER: In all of the scenarios except the economic retirement, Fayette Power Plant (FPP) was retired at the end of year 2022. Economic retirement is a scenario that was studied based on the request from stakeholders, where FPP is in Austin Energy's portfolio until the end of 2030. Please find attached hourly dispatch and emissions for FPP for the two distinct scenarios.

- a. Yes, Austin Energy is currently using carbon price adder for FPP when offering into the market and Austin Energy is planning to continue to do the same going forward to meet our environmental goals in a cost effective and affordable way.
- b. The carbon price adder changes with market conditions and seasons. The carbon price adder is confidential information as part of Austin Energy's competitive strategy.

Attachment SCPC 5-2

Prepared by: SC

Sponsored by: Erika Bierschbach

Attachment SCPC 5-2

(provided in Native Excel Format)

SCPC 5-3: Please indicate whether Austin Energy has performed a cost of service study specific to customer-generators in any rate class during the past ten years, and if so, please provide copies of the studies. If Austin Energy has not performed a cost of service study for customer-generators, please explain why not.

ANSWER: No. No cost of service study specific to customer-generators in any rate class has been performed during the past ten years. Customer-generators are not grouped in a separate customer class, as customer-generators exist in multiple customer classes, and are not all similar in their cost to serve. Further, under the “buy-all/sell-all” construct utilized by Austin Energy, those customers with customer-sited solar (PV) generation are billed for their total service requirements based on the class in which they exist. Customer-generators are credited for PV generation at the Value of Solar.

See Austin Energy's Response to SUN 1-37.

Prepared by: GR

Sponsored by: Grant Rabon

SCPC 5-4: Please refer to Attachment 2-3C to Austin Energy's Response to the Conservation Organizations' Second RFI.

- a. Please provide the total funds in the Non-Nuclear Decommissioning fund for Fayette, and explain how those funds are allocated or earmarked.
- b. Please provide the total funds in the defeasance fund, and explain how they are allocated or earmarked. If there are no funds, explain why not and what the line item represents?

ANSWER:

- a. For the Non-Nuclear Decommissioning fund, please refer to Austin Energy's Response to ICA 2-5. Total fund balance for the Non-Nuclear Decommissioning fund is \$38 million at FY 2021.
- b. Austin Energy does not currently hold a defeasance fund, since we do not currently project a need for defeasance of debt beyond those covered through existing debt reserve requirements.

Prepared by: MG

Sponsored by: Monica Gonzalez

SCPC 5-5: Refer to Attachments SCPC 1-8 and 1-9 to Austin Energy's Response to the Conservation Organizations' First RFI. Please provide underlying data for Figures 7-1 and 7-2 used to calculate the percentages shown, not just the percentages themselves.

ANSWER: For Figure 7-1, refer to Austin Energy's Response to SCPC 1-9, tab "Figure 7-1" for a URL to Austin Energy's current rates that were depicted in the figure. For Figure 7-2, refer to Attachment SCPC 5-5.

Attachment SCPC 5-5

Prepared by: AM / GR

Sponsored by: Russell Maenius

Attachment SCPC 5-5

(provided in Native Excel Format)

SCPC 5-6: Refer to Attachment SCPC 2-1 to Austin Energy's Response to the Conservation Organizations' Second RFI. Please identify or provide a definition for the O&M account numbers provided in this response.

ANSWER: The O&M account numbers listed in Attachment SCPC 2-1 are FERC account numbers. The description for each FERC account is shown in Schedules D-1 and D-2 in the Base Rate Filing Package.

Prepared by: RM

Sponsored by: Grant Rabon

SCPC 5-7: Please provide copies or references to any law or policy indicating that any expenses made by Austin Energy as part of its partnership with the Lower Colorado River Authority are exempt from city council oversight (i.e. can be approved by staff without a vote of council).

ANSWER: Austin Energy disagrees with SCPC's use of the phrase "exempt from city council oversight." Please refer to the City Council's September 19, 1974, resolution authorizing execution of the Participation Agreement with the LCRA (see Austin Energy's Response to SCPC 2-6), as well as the Participation Agreement itself. SCPC may also refer to Government Code Chapter 1502, Local Government Code Chapter 552, and Utilities Code Section 164 for laws governing the operation of municipal electric utilities in Texas.

Prepared by: AP

Sponsored by: Andy Perny