

**AUSTIN ENERGY'S
2022 BASE RATE REVIEW PROCESS
AND PROPOSAL TO CHANGE BASE
ELECTRIC RATES**


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

**INDEPENDENT CONSUMER ADVOCATE'S RESPONSE TO
TIEC'S FIRST SET OF REQUESTS FOR INFORMATION**

The Independent Consumer Advocate ("ICA") hereby files its response to the first set of requests for information (RFIs") submitted to it by the Texas Industrial Energy Consumers ("TIEC") on June 23, 2022.

Respectfully submitted,



John B. Coffman

Date filed: June 27, 2022

ICA Response to TIEC's First Request for Information

- 1-1. Identify all regulatory decisions in a Texas electric utility regulatory proceeding in which the Base-Intermediate-Peak method of allocation was adopted.

ANSWER: Mr. Johnson is not aware that the Baseload Intermediate Peak method of class allocation has ever been proposed in a Texas PUC proceeding. Therefore, he cannot identify any Texas PUC proceedings which has either adopted or rejected the BIP method.

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- 1-2. State the capacity factor or other criteria used to categorize Austin Energy's power plants and other generating resources as base, intermediate, or peaking.

Answer: Mr. Johnson considered plant capacity factors in developing the BIP method in this case, as stated on page 25 – 26 of his initial presentation. However, in this case, given the types of generation units included as plant-in-service, the baseload generation is clearly identifiable (nuclear and coal) and the gas generation can be separated into peak and intermediate based on AE's previous sub-functionalization of "Quick Dispatch" gas units (2016 RFP WP F-2.3).

In the past, the average capacity factor for STP and FPP (on a total project basis) has exceeded 50%. The Quick Dispatch gas units are simple cycle gas turbines at the Decker and Sandhill plants, which AE has identified as units that are dispatched for short periods of usage. The remaining gas plant is a combined cycle gas turbine at the Sandhill site which is suitable for intermediate operation, as confirmed by its capacity factor between 20% and 50%.

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1-3. How does Mr. Johnson propose allocating the costs of the Nacogdoches Biomass Plant?

Explain your response.

Answer: Mr. Johnson did not make a proposal for allocating Nacogdoches Biomass Plant costs, because AE removed Nacogdoches plant-related costs (debt service, GFT, depreciation) and O&M expenses from base rates. In response to TIEC Request 1-3, AE stated the reasons for including the costs in the PSA pass through. Mr. Johnson's understanding is that PSA costs are outside the scope of this proceeding, and therefore he did not consider proposals for allocation of the PSA pass-through.

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1-4. Does Mr. Johnson propose revising the allocation or recovery of Power Supply

Costs in conjunction with his recommendation to allocate production plant costs
using the Base-Intermediate-Peak method? Explain your response.

Answer: No. My understanding is that the PSA is outside the scope of rate review in this proceeding. Therefore, I assume that an allocation recommendation for the PSA is not permissible. However, if AE adopted BIP for base rate production capacity, I believe AE could conduct its PSA reconciliation in a manner that minimizes any potential conflict with the base rate allocation.

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1-5. Explain how Mr. Johnson derived the BIP-P and BIP-E allocation factors and provide supporting workpapers in “live” EXCEL format.

Answer. Mr. Johnson’s Initial Presentation provides an explanation at pages 25 – 30. The BIP workpapers are attached as the excel file BIP Method Workpaper.xlsx .

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1-6. Provide a copy of any and all workpapers supporting Mr. Johnson's class cost-of-service study, including the application of the Base-Intermediate-Peak method, in "live" EXCEL format.

Answer. Attached is the excel file ICA Revised AE RFP FY2021-L.xlsx , which is the AE cost of service study adjusted for Mr. Johnson's cost allocation adjustments. Note that this does not include ICA's revenue requirement adjustments. Colored tabs indicate schedules or workpapers which contain a change. Changes on the sheets have a yellow shading. Mr. Johnson used WP G-10.2 to determine the class revenue requirement changes with the CCOSS at the AE Requested Revenue Requirement.

The remainder of excel file workpapers for the cost allocation changes are also provided in Workpaper 1.xlsx and the workpaper referenced in No. 5.

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