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September 3, 2004

Honorable Katherine L. Smith
Honorable Paul D. Keeper
Administrative Law Judges
State Office of Administrative Hearings
300 West 15th Street, Room 504
Austin, Texas 78701

Re: SOAH Docket No. 473-04-1033, PUC Docket No. 28840 -- Application of AEP Texas Central Company for Authority to Change Rates -- Cities' Response to Order No. 20

Dear ALJs Smith and Keeper:

In accordance with Order No. 20, please find attached a list, in numerical format, of evidence and record/brief discussions supporting Cities' position on the remanded issues. We hope this is helpful to your analysis.

Please be advised that a copy of this correspondence is being delivered to all parties of record.

Sincerely,

Steven A. Porter
Attorney for Cities

cc: Parties of Record

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1. **Affiliate Costs**

- The discussion of this issue is found at Cities Exhibit No. 4 (Direct Testimony of Gerald Tucker): Pages 19-51, Exhibits GWT-11 through GWT-22.

- Specifically, the following excepts from Mr. Tucker's testimony demonstrate the unreasonableness of TCC's request:
  Page 31, line 1 through page 51, line 10.

Additional Information -

- Discussion at pages 45-64 of Cities' Initial Brief.
- Discussion at pages 35-38 of Cities' Reply Brief.
- Discussion at pages 31-36 of Cities' Exceptions.
- Discussion at pages 30-39 of Cities' Reply to Exceptions.

2. **Distribution A&G Expense Adjustments**

- The discussion of this issue is found at Cities Exhibit No. 6 (Direct Testimony of A.D. Patton): Pages 18-25, Exhibits ADP-5 through ADP-6.

- Specifically, the following excepts from Dr. Patton's testimony demonstrate the unreasonableness of TCC's request:
  Page 20, lines 14-21.
  Page 22, line 3-8.
  Page 23, line 3 through page 25, line 13.

- Insofar as Dr. Patton's recommendation is a disallowance of affiliate expense, it is also supported by Mr. Tucker's testimony discussed in section 1 above.

- Transcript volume 8, pages 1583-1585.

Additional Information -

- Discussion at pages 93-100 of Cities' Initial Brief.
- Discussion at pages 71-75 of Cities' Reply Brief.
- Discussion at pages 56-61 of Cities' Exceptions.
- Discussion at pages 62-66 of Cities' Reply to Exceptions.

3. **Depreciation Expense**

- Cities Exhibit No. 5 (Direct Testimony of Nancy Hughes)
- Transcript volume 8, pages 1515-1543
- Discussion at pages 100-108 of Cities' Initial Brief
- Discussion at pages 75-77 of Cities' Reply Brief
- Discussion at pages 62-65 of Cities' Exceptions
- Discussion at pages 67-70 of Cities' Reply to Exceptions

4. **Net Salvage**

- Cities Exhibit No. 5 (Direct Testimony of Nancy Hughes, pages 35-37)
- TCC Exhibit No. 85, page 13
- Discussion at pages 107-108 of Cities' Initial Brief
- Discussion at pages 64-65 of Cities' Exceptions

5. **Special Meter Reading Fee**

- Cities Exhibit No. 8 (Direct Testimony of Sarah Goodfriend, pages 9-10; 46-56; 71-73; 98-100; 106-107)