

Control Number: 31056



Item Number: 835

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SOAH DOCKET NO. 473-05-7455
PUC DOCKET NO. 31056

APPLICATION OF AEP TEXAS
CENTRAL COMPANY AND
CPL RETAIL ENERGY, LP TO
DETERMINE TRUE-UP BALANCES
PURSUANT TO PURA § 39.262

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BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS

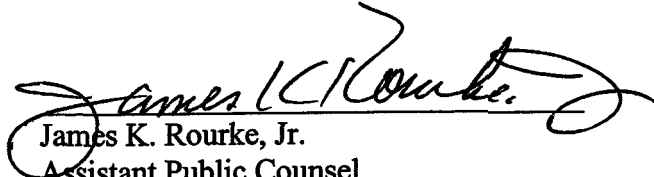
THIRD SUPPLEMENTAL RESPONSE OF
THE OFFICE OF PUBLIC UTILITY COUNSEL
TO AEP TEXAS CENTRAL COMPANY'S
SECOND REQUEST FOR INFORMATION
(QUESTIONS 2-1, 2-4, 2-5 AND 2-8)

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PUBLIC UTILITY COMMISSION

The Office of Public Utility Counsel stipulates that the following supplemental response(s) to request(s) for information may be treated by all parties as if the answers were filed under oath.

Respectfully submitted,

Suzi Ray McClellan
Public Counsel
State Bar No. 16607620


James K. Rourke, Jr.
Assistant Public Counsel
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September 26, 2005

Docket No. 31056
Third Supplemental Response of the Office of Public Utility Counsel to
AEP Texas Central Company's Second Request For Information
(Questions 2-1, 2-4, 2-5 and 2-8)

QUESTION 2-1

Please produce any nuclear plant valuations Mr. Rode or DAI Management Consultants ("DAI") have prepared or reviewed.

RESPONSE:

The following supplemental response is provided in accordance with SOAH Order No. 14:

The requested nuclear plant valuations are contained in Attachment 1 to this response. The information in Attachment 1 responsive to this request is voluminous and HIGHLY SENSITIVE PROTECTED MATERIAL under the terms of the Protective Order issued in Docket No. 31056. Attachment 1 is available for review in accordance with the Protective Order in the offices of the Office of Public Utility Commission, 1701 North Congress Avenue, Austin, Texas, (512) 936-7500, during normal business hours.

The materials in Attachment 1 are highly sensitive protected materials and exempt from public disclosure pursuant to the Public Information Act ("Act") Tex. Gov't Code Ann., Chapter 552 (West Supp. 2005). Under the Act, commercial or financial information is excepted from disclosure if its release would cause substantial competitive harm to the person from whom the information was obtained. Tex. Gov't Code Ann. § 552.110(b). The requested information includes highly sensitive information related to confidential nuclear plant valuations or analyses prepared or reviewed by DAI Management Consultants for its clients. Counsel for the Office of Public Utility Counsel has reviewed the information sufficiently to state in good faith that the information is exempt from disclosure under the Public Information Act and merits the highly sensitive protected materials designation.

Prepared By: David Rode and Jim Rourke
Sponsored By: David Rode

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QUESTION 2-4

Refer to page 9 of Mr. Rode's testimony, starting at line 5. Provide details of such advisory assignment and portfolio components. Please identify the projects for which Mr. Rode is overseeing the marketing and sales process.

RESPONSE:

The following supplemental response is provided in accordance with SOAH Order No. 14:

	Fortune 100 Company
Identifies whether the client was a seller, purchaser, or third party	Client was seller in all cases
A brief description of the expert's role	<p>Mr. Rode's has worked with the portfolio manager assigned to these projects to advise on the values of the assets, the advantages and disadvantages of the various bids, has worked with Seller's counsel to address issues with the PSAs, has participated in conference calls with bidders to address questions regarding the assets (in Mr. Rode's case, with respect to valuation issues).</p> <p>With regard to one gas-fired cogen in California (DAI Oildale), DAI is also the operator. Mr. Rode has advised on procurement of fuel contracts, operational strategy, risk management and hedging issues, financial restructuring of credit obligations, and the issues surrounding the declaration of <i>force majeure</i> by PG&E during the 2001 California energy crisis.</p>
Generally identifies the type of asset involved	<p>Wind farm in California Coal/biomass plant in South Carolina Two gas-fired cogens in California Coal plant in Massachusetts</p> <p>Also, previous included (now divested):</p> <p>Hydro in New York Gas-fired plant in Colorado Gas-fired cogen in California</p>

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States whether or not the transaction was found to be commercially reasonable	Not part of analysis
States the jurisdiction of the sale	See above: California, South Carolina, Massachusetts, New York, Colorado. Seller is a New York Corporation.
States the existence of any related litigation	None that Rode/DAI was aware of or involved with.

Prepared By: David Rode
Sponsored By: David Rode

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QUESTION 2-5

Refer to page 9 of Mr. Rode's testimony, starting on line 17. Please identify the clients and projects where Mr. Rode has been active as part of the negotiation team in executing a transaction. Describe Mr. Rode's role.

RESPONSE:

The following supplemental response is provided in accordance with SOAH Order No. 14:

The information provided below for projects other than the Fortune 100 Company projects supplements and must be considered in conjunction with the qualifications provided in OPC's First Supplemental Response to this RFI question.

	Fortune 100 Company	Large Private Equity Fund	Complete Energy/WestLB	Industrial Firm
Identifies whether the client was a seller, purchaser, or third party	Client was seller in all cases	Purchaser	Purchaser	Purchaser
A brief description of the expert's role	Mr. Rode's has worked with the portfolio manager assigned to these projects to advise on the values of the assets, the advantages and disadvantages of the various bids, has worked with Seller's counsel to address issues with the PSAs, has participated in conference calls with bidders to address questions regarding the assets (in Mr. Rode's case, with respect to valuation issues). With regard to one gas-fired cogen in	Advisor to fund on acquisition of residual interest in Palo Verde Nuclear Generating Station. Scope included valuation and market analysis, advice on decommissioning fund-related issues, transmission access-related issues, and strategic advisory on end-of-lease issues	Advisor to Joint-Lead Arrangers (WestLB and Morgan Stanley) with respect to market analysis, valuation of asset, collateral evaluation, analysis of power purchase agreements, structure of operating agreements, presentations to institutional investors, and interaction with	Advisor to firm regarding acquisition of "inside-the-fence" project in Washington. Provided advice on the pricing of the power and steam purchase arrangements

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	California (DAI Oildale), DAI is also the operator. Mr. Rode has advised on procurement of fuel contracts, operational strategy, risk management and hedging issues, financial restructuring of credit obligations, and the issues surrounding the declaration of <i>force majeure</i> by PG&E during the 2001 California energy crisis.		ratings agencies	
Generally identifies the type of asset involved	Wind farm in California Coal/biomass plant in South Carolina Two gas-fired cogens in California Coal plant in Massachusetts Also, previous included (now divested): Hydro in New York Gas-fired plant in Colorado Gas-fired cogen in California	Nuclear power plant	Gas-fired combined cycle power plant	Gas-fired cogen
States whether or not the transaction was found to be commercially reasonable	Not part of analysis	Not part of analysis	Not part of analysis	Not part of analysis
States the jurisdiction of the sale	See above: California, South Carolina, Massachusetts, New York, Colorado. Seller is a New York Corporation.	Arizona	California	Washington

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(Questions 2-1, 2-4, 2-5 and 2-8)

States the existence of any related litigation	None that Rode/DAI was aware of or involved with.	None that Rode/DAI was aware of or involved with.	None that Rode/DAI was aware of or involved with.	None that Rode/DAI was aware of or involved with.
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Prepared By: David Rode
Sponsored By: David Rode

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AEP Texas Central Company's Second Request For Information
(Questions 2-1, 2-4, 2-5 and 2-8)

QUESTION 2-8

Please list and provide copies of any valuations that DAI or any DAI affiliate has provided in the sale or purchase of generation assets. Describe the firm's role in providing each of those valuations and whether it represented the buyer or seller.

RESPONSE:

The following supplemental response is provided in accordance with SOAH Order No. 14:

The valuations are listed in response to Question 2-5 in OPC's First Supplemental Response and Third Supplemental Response to TCC's Second Request For Information.

Certain information in the valuations have been partially redacted pursuant to SOAH Order No. 14 and the valuations are contained in Attachment 1 to this response. The information in Attachment 1 responsive to this request is voluminous and HIGHLY SENSITIVE PROTECTED MATERIAL under the terms of the Protective Order issued in Docket No. 31056. Attachment 1 is available for review in accordance with the Protective Order in the offices of the Office of Public Utility Commission, 1701 North Congress Avenue, Austin, Texas, (512) 936-7500, during normal business hours.

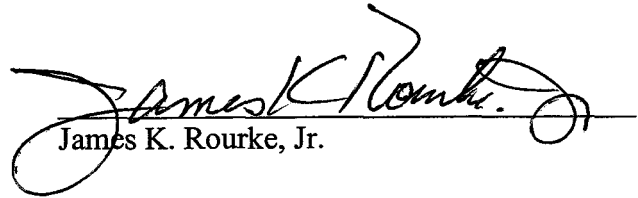
The materials in Attachment 1 are highly sensitive protected materials and exempt from public disclosure pursuant to the Public Information Act ("Act") Tex. Gov't Code Ann., Chapter 552 (West Supp. 2005). Under the Act, commercial or financial information is excepted from disclosure if its release would cause substantial competitive harm to the person from whom the information was obtained. Tex. Gov't Code Ann. § 552.110(b). The requested information includes highly sensitive information related to confidential generation plant valuations or analyses prepared or reviewed by DAI Management Consultants for its clients. Counsel for the Office of Public Utility Counsel has reviewed the information sufficiently to state in good faith that the information is exempt from disclosure under the Public Information Act and merits the highly sensitive protected materials designation.

Prepared By: David Rode and Jim Rourke
Sponsored By: David Rode

CERTIFICATE OF SERVICE

PUC Docket No. 31056
SOAH Docket No. 473-05-7455

I certify that on September 26, 2005, a true copy of the Third Supplemental Response of the Office of Public Utility Counsel to AEP Texas Central Company's Second Request for Information (Questions 2-1, 2-4, 2-5 and 2-8) was served on all parties of record via United States First-Class Mail, hand-delivery or facsimile.


James K. Rourke, Jr.