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APPLICATION OF WIND ENERGY § BEFORE THE
TRANSMISSION TEXAS, LLC §
FOR AUTHORITY TO ESTABLISH § PUBLIC UTILITY COMMISSION
INITIAL RATES AND TARIFFS § OF TEXAS

**WIND ENERGY TRANSMISSION TEXAS, LLC'S RESPONSE TO
THE STEERING COMMITTEE OF CITIES SERVED BY ONCOR'S
EIGHTH REQUEST FOR INFORMATION**

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

Wind Energy Transmission Texas, LLC ("WETT") files this Response to the
aforementioned requests for information.

I. PROCEDURAL HISTORY

WETT received Cities' Eighth RFIs by fax on November 1, 2012. Pursuant to P.U.C.
PROC. R. 22.144(d), these Responses are timely filed on or before November 21, 2012.

II. WRITTEN RESPONSES

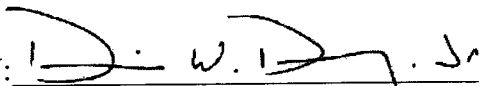
Attached hereto and incorporated herein by reference are WETT's written responses to
the aforementioned requests for information. Each such response is set forth separately beneath a
restatement of the relevant request. Such responses are made without waiver of WETT's right to
contest the admissibility of any such matters upon hearing. WETT hereby stipulates that its
responses may be treated by all parties exactly as if they were filed under oath.

III. INSPECTIONS

In those instances where materials are to be made available for inspection by request or in
lieu of a written response, the attached response will so state. For those materials that a response
indicates may be inspected at WETT's voluminous room, please call at least 24 hours in advance
for an appointment in order to assure that there is sufficient space and someone available to
accommodate your inspection. To make an appointment at the WETT voluminous room located
at 210 Barton Springs Road, Suite 150, Austin, Texas 78704, please call Carrie Marchese at
(512) 807-2492.

Respectfully submitted,

NAMAN, HOWELL, SMITH & LEE, PLLC
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(512) 479-0300 TELEPHONE
(512) 474-1903 FACSIMILE

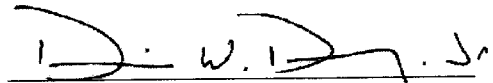
BY: 

Dennis W. Donley, Jr.
State Bar No. 24004620
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Christopher Malish
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Stephanie S. Potter
State Bar No. 24065923

**ATTORNEYS FOR WIND ENERGY
TRANSMISSION TEXAS, LLC**

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing document was served on all parties of record on this 21st day of November 2012.


Dennis W. Donley, Jr.

**WIND ENERGY TRANSMISSION TEXAS, LLC'S RESPONSE TO
THE STEERING COMMITTEE OF CITIES SERVED BY WETT'S
EIGHTH REQUEST FOR INFORMATION**

QUESTION LK 8-1:

Does WETT agree that it will re-compute the AFUDC included in CWIP to reflect the capital structure and component costs adopted by the Commission in this proceeding? If not, then please explain why the Company does not agree that this is necessary and appropriate.

RESPONSE:

No. WETT has calculated allowance for funds used during construction ("AFUDC") following the instructions in the FERC Uniform System of Accounts as closely as possible given its circumstances. Accordingly, there is no reason that WETT should recalculate its AFUDC unless it is ordered to do so by the Commission, in which case it will comply.

Preparer: Bruce Fairchild Title: Principal, Financial Concepts and Applications, Inc.

Sponsor: Bruce Fairchild Title: Principal, Financial Concepts and Applications, Inc.

QUESTION LK 8-2:

Refer to page 20, line 7-10 of Mr. Morton's Direct Testimony wherein he states that the Board of Managers was "very involved in 'executive type' functions in the early stages of creating and running the company prior to hiring a General Manager in late 2010."

- a. Please provide the date on which the Company was formed.
- b. Please identify each of the members of the Board of Managers and the months in which he/she served in this capacity throughout the construction period.
- c. For each member identified in response to part (b) of this question, please identify the member's employer, position with the employer, and his/her primary job responsibilities for the employer.
- d. For each member identified in response to part (b) of this question, please provide a detailed description of the member's activities as a member of the WETT Board of Managers throughout the construction period. If available, this should include, but not be limited to, the daily time reporting of the members' activities.

RESPONSE:

- a. WETT was formed September 11, 2008.
- b. Brookfield: Jason Spreyer (entire construction period), Kim Osmars (from before beginning of construction period through December 2011), Jeff Rosenthal (from before beginning of construction period through May 2012), Viggo Lundhild (January 2012 through present), Andy McPhee (May 2012 through present)

Isolux: Pablo de la Sierra Perez (entire construction period), Juan Jose Soto Martinez (entire construction period), Miguel Garrido Espa (from before beginning of construction period through September 2011), Mario Anibal Pastinante (September 2011 through May 2012), Luis Rein Rojo (September 2012 through present)

- c. Jason Spreyer, Chief Financial Officer and Senior Vice President, Brookfield Renewable Energy Group. Primary responsibilities: financial responsibility over Brookfield electric utilities in North and South America, accountable for evaluating capital deployment opportunities within Brookfield's utility businesses, and responsible for all accounting, reporting, treasury, tax and financing functions

Kim Osmars, Chief Operating Officer, U.S. Generation Operations and North American Transmission Operations, Brookfield Renewable Energy Group. Primary responsibilities: responsible for operations in 12 states, oversees a portfolio of 107 hydroelectric facilities on 29 river systems, five wind power facilities, and nearly 1000 miles of transmission infrastructure in operation or

under construction, as well as a development pipeline of generation and transmission projects.

Jeff Rosenthal, Chief Operating Officer, Brookfield Renewable Energy Group. Primary responsibilities: oversees the Brookfield worldwide T&D and the renewable power operations located in Brazil, Canada, Chile, Colombia and the United States; leads the growth of the business through Greenfield development projects and mergers and acquisitions; integrates the expanded business into the existing organization; acts as a member of the global development team providing due diligence assistance.

Viggo Lundhild, Vice President of Transmission Development, Brookfield Utilities. Primary responsibilities: oversight of operations of a Long Island/Connecticut transmission line, development of new transmission projects in the U.S.

Andy McPhee, Vice President and General Manager, Great Lakes Power Transmission. Primary responsibilities: directs operations and oversees management of a transmission system in Northern Ontario.

Pablo de la Sierra Perez, Managing Director North America, Isolux Corsan. Primary responsibilities: oversees the development and operations of investment projects in North America and leads the growth of Isolux Corsan Concesiones' business in North America.

Juan Jose Soto Martinez, Technical Transmission Director, Energy Concessions Isolux Corsán. Primary responsibilities: oversees the technical development of transmission projects globally; provides technical support to the local teams including through commissioning; oversees for all the projects the relationship between the concession operator and EPC contractor; and supports the technical preparation of transmission proposals.

Miguel Garrido Espa, Head of International Finance, Grupo Isolux Corsan. Primary responsibilities: oversees project finance, export finance, and international corporate finance of the Isolux Group.

Mario Anibal Pastinante, Energy Concessions Managing Director, Isolux Corsán. Primary responsibilities: oversight and operation of the company's transmission concessions and investments globally, development and growth of the transmission portfolio.

Luis Rein Rojo, Energy Concessions Managing Director, Isolux Corsán. Primary responsibilities: oversight and operation of the company's transmission concessions and investments globally, development and growth of the transmission portfolio.

- d. Mr. Spreyer assisted WETT with financial planning and management support services necessary to market, negotiate, and secure project level financing to complete its CREZ transmission facilities; open house sessions with landowners in preparation for WETT's CCN proceedings; forecasting and management support; analysis of accounting and administration needs, budgets, and tax and audit proposals; and development and implementation of regulatory strategy.

Mr. Osmars assisted WETT with corporate documentation support; corporate governance; open house sessions with landowners in preparation for WETT's CCN proceedings; and business strategy and management support.

Mr. Rosenthal assisted WETT with establishment and start-up support, development and implementation of business and regulatory strategy, financial planning, development and analysis of budgets, the acquisition of project level financing, human resources and recruiting support; and regulatory support.

Mr. Lundhild assisted WETT with project development including contractor and consultant selection and management; communication with wind developers; real estate support; development of contracts and RFPs; and regulatory compliance.

Mr. McPhee assisted WETT with corporate documentation support; corporate governance; evaluation, analysis, negotiation, implementation, and administration of ancillary services and transmission arrangements; management support services; and regulatory compliance.

Mr. Sierra assisted WETT with establishment, start-up, and ongoing operation of WETT; start-up support, including website development and office research, selection, and set-up; development, implementation, and administration of WETT's business and regulatory strategies; open house sessions with landowners in preparation for WETT's CCN proceedings; forecasting and management support; financial planning and management support services necessary to market, negotiate, and secure project level financing to complete its CREZ transmission facilities; human resources and recruiting support; and human resources and recruiting support.

Mr. Soto assisted WETT with corporate governance support; human resources and recruiting support; contractor and consultant selection and management; communication with wind developers; real estate support; development of contracts and RFPs; and regulatory compliance.

Mr. Garrido assisted WETT with corporate governance support; management support; regulatory support; and financial planning and management support services necessary to market, negotiate, and secure project level financing to complete its CREZ transmission facilities.

Mr. Pastinante and Mr. Rein assisted WETT with corporate governance support, management support, and regulatory support.

Time of various personnel, including Managers, are reflected in the invoice summaries included in Mr. Morton's workpapers, Bates numbered 1413-1422.

Preparer: Wayne Morton Title: General Manger, Wind Energy Transmission Texas

Sponsor: Wayne Morton Title: General Manger, Wind Energy Transmission Texas

QUESTION LK 8-3:

Refer to page 21, lines 8-10 of Mr. Morton's Direct Testimony. Please provide a detailed listing and description of all charges by month incurred by the Board of Managers, and if available, by each member of the Board of Managers, comprising the \$4.282 million cited by Mr. Morton. This request includes, but is not limited to, all detail underlying direct assignments and allocations of costs from affiliates, including all data, assumptions, workpapers, computations, and electronic spreadsheets with formulas intact.

RESPONSE:

Summary documents responsive to this request can be found as part of Wayne Morton's workpapers. The relevant pages with the following heading:

Docket No. 40606
WM Workpapers 01413- 01421

Detailed documents (e.g., invoices) that were used to prepare the summaries are attached. They are voluminous and have been provided to the requesting party electronically.

Preparer: Bruce Fairchild Title: Principal, Financial Concepts and Applications, Inc.

Sponsor: Bruce Fairchild Title: Principal, Financial Concepts and Applications, Inc.

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QUESTION LK 8-4:

Refer to page 23, line 21 through page 24, line 2 of Mr. Morton's Direct Testimony. Mr. Morton describes the "capitalized costs" that will be included in rate base as a "regulatory asset." Please explain the use and applicability of this term rather than the terms "CWIP" or "plant."

RESPONSE:

In the cited sentence, Mr. Morton's testimony erroneously used the term "regulatory asset" as well as "expenses." The sentence should read:

WETT has justified these *expenditures* as being reasonable and necessary in order to timely develop its projects and has properly accounted for these *expenditures* by capitalizing them *in construction work in progress to ultimately* be included in rate base and depreciated in accordance with the asset account to which they are assigned.

Preparer: Wayne Morton

Title: General Manger, Wind Energy Transmission Texas

Sponsor: Wayne Morton

Title: General Manger, Wind Energy Transmission Texas

QUESTION LK 8-5:

Refer to page 25, line 18 through page 26, line 8 of Mr. Morton's Direct Testimony wherein he addresses a provision in WETT's credit agreement that requires it "to have insurance coverage on its transmission lines at the 'highest limit that is commercially available and economically feasible, but in no event less than \$10,000,000 per occurrence.'"

- a. Please explain how the proposed self-insurance reserve satisfies this provision of the credit agreement given that the reserve does not provide self-insurance for asset (property) losses, but rather for certain catastrophic maintenance expenses.
- b. If such insurance is "commercially available," but is not "economically feasible," then what options are available to the Company?
- c.. If such insurance is not "commercially available," then what options are available to the Company'?
- d. Please describe all communications with the lenders or their representative to waive or modify this requirement. If none, then please so state.
- e. Please provide a copy of all communications with the lenders or their representative to waive or otherwise modify this requirement. If none, then please so state.
- f. Please confirm that it is standard practice in the regulated utility industry that if there are uninsured property losses that are not eligible for recovery from the self-insurance reserve, then the cost of the replacement property is capitalized to plant and recovered the same as any other plant investment.
- g. If the response to part (f) of this question is "confirmed," then please explain why commercial insurance is necessary even if it is not "commercially available" or "economically feasible."

RESPONSE:

- a. WETT's self-insurance reserve is intended to provide coverage for both property losses and catastrophic maintenance expenses.
- b. WETT's options include using a self-insurance reserve in order to provide coverage for uninsured losses. WETT's lenders require insurance at the highest limit that is both "commercially available and economically feasible, but in no event less than \$10,000,000 per occurrence."
- c. The insurance is commercially available; however, at the time WETT researched its insurance options, insurance was not available on commercially reasonable terms as compared to WETT's self-insurance reserve proposal.

- d. WETT has had no communications with its lenders regarding a waiver or modification of this requirement.
- e. WETT has had no communications with its lenders regarding a waiver or modification of this requirement.
- f. WETT does not have access or direct knowledge of the internal accounting practices of other utilities regarding uninsured property losses. It is WETT's understanding, however, that if utility property damage is covered by a self-insurance reserve, the replacement costs included in rate base will be reduced by the amount of such coverage.
- g. As restated in Mr. Morton's testimony, WETT's lenders require insurance at the highest limit that is both "commercially available and economically feasible, but in no event less than \$10,000,000 per occurrence." As explained in Mr. Wilson's testimony it appeared that in lieu of the ratepayers of Texas paying \$2 million per year every year in insurance premiums in perpetuity to a commercial provider, placing those same dollars into a reserve account which will be built up in a matter of years is a much more prudent and conservative approach to meeting WETT's lenders' insurance requirement.

Preparer: Wayne Morton
Sponsor: Wayne Morton

Title: General Manager, Wind Energy Transmission Texas
Title: General Manager, Wind Energy Transmission Texas

QUESTION LK 8-6:

On page 26, lines 9-13 of his Direct Testimony, Mr. Morton states that it would be irresponsible of WETT to operate its transmission lines without insurance coverage. On page 27, lines 4-10 of his Direct Testimony, Mr. Morton states that he is unaware that any electric utility in Texas insures its transmission assets with commercial property and casualty insurance and states that the utilities use self-insurance to "provide catastrophic loss coverage for their transmission assets." Please explain why it is not irresponsible for each of these other electric utilities in Texas to operate its transmission lines without insurance coverage," especially since the self-insurance reserve does *not* provide catastrophic loss coverage for their transmission assets.

RESPONSE:

As the response to 8-5(f) above states, Mr. Morton does not have access or direct knowledge of the internal accounting practices of other utilities regarding uninsured property losses. Mr. Morton's testimony assumes that other utilities in Texas use their self-insurance reserves in the same manner that WETT plans to, for coverage of both property losses and catastrophic maintenance expenses.

Preparer: Wayne Morton	Title: General Manger, Wind Energy Transmission Texas
Sponsor: Wayne Morton	Title: General Manger, Wind Energy Transmission Texas