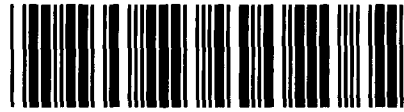


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SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422

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APPLICATION OF AEP TEXAS INC. TO §  
ADJUST ITS ENERGY EFFICIENCY COST §  
RECOVERY FACTORS AND RELATED §  
RELIEF §

BEFORE THE STATE OFFICE  
OF PUBLIC UTILITY COMMISSION  
FILING CLERK  
ADMINISTRATIVE HEARINGS

AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION

JUNE 25, 2018

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**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-1:**

Please explain and justify the methodology that AEP Texas Inc. ("AEP Texas" or "the Company") used to allocate requested rate-case expenses to AEP Texas-Central Division ("AEP Central") and AEP Texas-North Division ("AEP North").

**Response No. Staff 1-1:**

AEP Texas is requesting recovery of municipal EECRF rate case proceeding expenses in this docket. The municipal EECRF rate case proceeding expenses from Docket No. 47236, paid by AEP Texas in 2017, are included for recovery in program year 2019. AEP Texas has assigned the municipal EECRF proceeding expenses to the classes using an allocator developed based on the assignment of the 2019 EECRF program cost to the classes. This methodology has been used and accepted in the prior AEP Texas EECRF proceedings. Please see the workpaper to Schedules A (2019) and E (municipal expenses) for the allocator development and allocation to the classes and pages 14-15 of the EECRF testimony of Jennifer Jackson.

Prepared By:	Pamela Osterloh Jennifer Jackson Rhonda Fahlender	Title:	EE&Cons Prog Compl Coord Prin Regulatory Consultant Staff EE&Consumer Program Coord Prin
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Sponsored By:	Jennifer Jackson	Title:	Regulatory Consultant Staff
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**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-2:**

Please confirm that AEP Texas is seeking recovery of \$9,805 in this docket for rate-case expenses for AEP Central. If this is not correct, please provide the requested rate-case expense amount(s) for AEP Central in this proceeding.

**Response No. Staff 1-2:**

Confirmed. In this docket, AEP Texas is seeking recovery of \$9,805 for the Central Division for municipal rate case expenses incurred as a result of its 2017 EECRF proceeding, Docket No. 47236.

Prepared By: Pamela Osterloh  
Sponsored By: Pamela Osterloh

Title: EE&Cons Prog Compl Coord Prin  
Title: EE&Cons Prog Compl Coord Prin

**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-3:**

Please confirm that the supporting documentation relating to the Company's request for recovery of rate-case expenses for AEP Central is contained on Pages 11 of 43 through 43 of 43 on the WP/SCHEDULES - CENTRAL DIVISION. If not, please provide the full supporting documentation and make sure that the supporting documentation includes, but is not limited to, all engagement agreements, summary schedules of expenses requested, and copies of third party invoices to support each requested expense.

**Response No. Staff 1-3:**

Confirmed. The supporting documentation related to municipal rate case expenses for AEP Texas Central Division is contained in pages 12 through 43 of WP/INVOICES - CENTRAL DIVISION for this application.

Prepared By: Pamela Osterloh  
Sponsored By: Pamela Osterloh

Title: EE&Cons Prog Compl Coord Prin  
Title: EE&Cons Prog Compl Coord Prin

**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-4:**

Please provide appropriate affidavits and testimony which meet the requirements of 16 Texas Administrative Code § 25.245 for the Company's request of recovery of rate-case expenses for AEP Central in this proceeding.

**Response No. Staff 1-4:**

Please see the testimony of Pamela D. Osterloh at page 16 and WP/INVOICES - CENTRAL DIVISION pages 12-43. AEP Texas assumes the municipalities requesting reimbursement of their expenses will provide evidence supporting these expenses in this proceeding pursuant to 16 TAC § 25.245.

Prepared By: Pamela Osterloh  
Sponsored By: Pamela Osterloh

Title: EE&Cons Prog Compl Coord Prin  
Title: EE&Cons Prog Compl Coord Prin

**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-5:**

If the Company is not requesting recovery of rate-case expenses related to its 2017 proceeding for AEP Central in the current EECRF filing, please describe the process anticipated by the Company for recovery of such rate-case expenses.

**Response No. Staff 1-5:**

AEP Texas is not requesting recovery of any incremental company-related rate case expenses related to the 2017 EECRF proceeding in the current EECRF filing.

Prepared By: Pamela Osterloh  
Sponsored By: Pamela Osterloh

Title: EE&Cons Prog Compl Coord Prin  
Title: EE&Cons Prog Compl Coord Prin



**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-6:**

Please identify all incentive compensation costs included in the Company's EECRF request for AEP Central by incentive compensation plan type for the 2017, 2018, and 2019 energy efficiency program years.

**Response No. Staff 1-6:**

See the table below for the requested information. The information provided below is for the 2017 time period and is being segregated between incentive compensation applicable to Central Division employees and employees of the North Division providing service to the Central Division. The incentive compensation information is further segregated between direct billings and allocated billings. All incentive compensation data is separated between operational and financial measures.

Incentive compensation data after 2017 is not available at this time.

**Central Division Incentive Compensation**

<b>Annual Incentive Plan</b>	<b>2017</b>
Financial Basis	\$ 4,688
Operational Basis	\$ 42,189
Total Annual Incentive Plan	\$ 46,877
<b>Long-Term Incentive Plan</b>	
Financial Basis	\$ 7,692
Operational Basis	\$ 1,638
Total Long-Term Incentive Plan	\$ 9,330
<hr/>	
Total Central Division Incentive Compensation	\$ 56,207

**North Division Incentive Compensation  
billed to Central Division**

**Annual Incentive Plan**

Financial Basis - Directly Assigned	\$ (1)
Financial Basis - Allocated	\$ 539
Operational Basis - Directly Assigned	\$ (6)
Operational Basis - Allocated	\$ 4,849
Total Annual Incentive Plan	<u>\$ 5,382</u>

**Long-Term Incentive Plan**

Financial Basis - Directly Assigned	\$ 0
Financial Basis - Allocated	\$ 172
Operational Basis - Directly Assigned	\$ -
Operational Basis - Allocated	\$ 27
Total Long-Term Incentive Plan	<u>\$ 199</u>

Total North Division Incentive Compensation \$ 5,581

**Total Central Division Incentive  
Compensation** \$ 61,788

Prepared By: Brian Frantz  
Sponsored By: Brian Frantz

Title: Regulated Accounting Mgr  
Title: Regulated Accounting Mgr

**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-7:**

For each type of incentive compensation identified in Staff 1-6 above, please separate the payments by operational performance and financial performance. Provide the information for expenses directly incurred by AEP Central and for expenses allocated to AEP Central by an affiliate.

**Response No. Staff 1-7:**

See response to Staff's First Request for Information, Question No. Staff 1-6 for complete breakout of Central Division incentive compensation.

Prepared By: Brian Frantz  
Sponsored By: Brian Frantz

Title: Regulated Accounting Mgr  
Title: Regulated Accounting Mgr

**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-8:**

Refer to Exhibit BJF-1. Please provide detailed work orders and project summaries that provide additional support for the requested 2017 affiliate costs for AEP Central. The project summaries should provide by project code the amount of test year affiliate billings to AEP Central by FERC account and should detail the billings by class of service. The summaries should also include the scope of work with a statement of the purpose, the primary activities, and the primary products or deliverables, as well as the justification for the billing method.

**Response No. Staff 1-8:**

Please see Staff 1-8 Attachment 1 (provided electronically on the PUC Interchange) for the details related to the 2017 costs charged between the Central and North Division shown in Exhibit BJF-1. Please see the Direct Testimony of Brian Frantz for a description of how work orders have been established for billing of specific projects, how these work orders have approved benefiting locations (which determine what AEP business units to be billed) and allocation factors (which determine how the costs are allocated among the AEP business units billed). Exhibit BJF-2 lists the benefiting locations and allocation factors assigned to the work orders included in the Central Division's Energy Efficiency Costs charged from the North Division. Because the Central and North divisions are not affiliates under PURA or the Commission's rules, there were no affiliate services in 2017. However, in the Direct Testimony of Brian Frantz, it shows that even if the Commission's affiliate rules were applied, the services provided by the two divisions would comply with the affiliate standards.

Prepared By: Brian Frantz  
Sponsored By: Brian Frantz

Title: Regulated Accounting Mgr  
Title: Regulated Accounting Mgr

**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-9:**

Does the Company's requested EECRF affiliate expenses for AEP Central include amounts for carrying charges on shared assets? If so, please provide the amount of carrying charges by category, such as depreciation, equity, and debt.

**Response No. Staff 1-9:**

The Company's requested EECRF expenses for AEP Texas Central Division do not include any AEP Service Corporation (AEPSC) affiliate charges; so therefore, there are no amounts for carrying charges on AEPSC shared assets.

Prepared By: Brian Frantz  
Sponsored By: Brian Frantz

Title: Regulated Accounting Mgr  
Title: Regulated Accounting Mgr

**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-10:**

Please confirm that AEP Texas is seeking recovery of \$2,451 in this docket for rate-case expenses for AEP North. If this is not correct, please provide the requested rate-case expense amount(s) for AEP North in this proceeding.

**Response No. Staff 1-10:**

Confirmed. In this docket, AEP Texas is seeking recovery of \$2,451 for the North Division, for municipal rate case expenses incurred as a result of its 2017 EECRF proceeding, Docket No. 47236.

Prepared By: Rhonda Fahrlender  
Sponsored By: Rhonda Fahrlender

Title: EE&Consumer Program Coord Prin  
Title: EE&Consumer Program Coord Prin

**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-11:**

Please confirm that the supporting documentation relating to the Company's request for recovery of rate-case expenses for AEP North is contained on Pages 14 of 46 through 46 of 46 on the WP/SCHEDULES - NORTH DIVISION. If not, please provide the full supporting documentation and make sure that the supporting documentation includes, but is not limited to, all engagement agreements, summary schedules of expenses requested, and copies of third party invoices to support each requested expense.

**Response No. Staff 1-11:**

Confirmed. The supporting documentation related to municipal rate case expenses for AEP Texas North Division is contained in pages 15 through 46 of WP/INVOICES - NORTH DIVISION of the application.

Prepared By: Rhonda Fahlender  
Sponsored By: Rhonda Fahlender

Title: EE&Consumer Program Coord Prin  
Title: EE&Consumer Program Coord Prin

**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-12:**

Please provide appropriate affidavits and testimony which meet the requirements of 16 Texas Administrative Code § 25.245 for the Company's request of recovery of rate-case expenses for AEP North in this proceeding.

**Response No. Staff 1-12:**

Please see the testimony of Rhonda R. Fahrlander at pages 15-16 and WP/INVOICES - NORTH DIVISION at pages 15-46. AEP Texas assumes the municipalities requesting reimbursement of their expenses will provide evidence supporting these expenses in this proceeding pursuant to 16 TAC § 25.245.

Prepared By: Rhonda Fahrlander  
Sponsored By: Rhonda Fahrlander

Title: EE&Consumer Program Coord Prin  
Title: EE&Consumer Program Coord Prin



**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-13:**

If the Company is not requesting recovery of rate-case expenses related to its 2017 proceeding for AEP North in the current EECRF filing, please describe the process anticipated by the Company for recovery of such rate-case expenses.

**Response No. Staff 1-13:**

AEP Texas is not requesting recovery of any incremental company-related rate case expenses for the North Division related to the 2017 EECRF proceeding in the current EECRF filing.

Prepared By: Rhonda Fahrlender  
Sponsored By: Rhonda Fahrlender

Title: EE&Consumer Program Coord Prin  
Title: EE&Consumer Program Coord Prin

**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-14:**

Please identify all incentive compensation costs included in the Company's EECRF request for AEP North by incentive compensation plan type for the 2017, 2018, and 2019 energy efficiency program years.

**Response No. Staff 1-14:**

Please see table below for the requested information. The information provided below is for the 2017 time period, and is being segregated between incentive compensation applicable to North Division employees and employees of the Central Division providing service to the North Division. The incentive compensation information is further segregated between direct billings and allocated billings. All incentive compensation data is separated between operational and financial measures.

Incentive compensation data after 2017 is not available at this time.

**North Division Incentive Compensation**

<b>Annual Incentive Plan</b>	<b>2017</b>
Financial Basis	\$ 1,338
Operational Basis	\$ 12,045
Total Annual Incentive Plan	<u>\$ 13,384</u>
<b>Long-Term Incentive Plan</b>	
Financial Basis	\$ 280
Operational Basis	\$ 48
Total Long-Term Incentive Plan	<u>\$ 328</u>
Total North Division Incentive Compensation	<u>\$ 13,712</u>

**Central Division Incentive Compensation  
billed to North Division**

**Annual Incentive Plan**

Financial Basis - Directly Assigned	\$ 8
Financial Basis - Allocated	\$ 214
Operational Basis - Directly Assigned	\$ 74
Operational Basis - Allocated	\$ 1,922
Total Annual Incentive Plan	<u>\$ 2,219</u>

**Long-Term Incentive Plan**

Financial Basis - Directly Assigned	\$ 7
Financial Basis - Allocated	\$ 345
Operational Basis - Directly Assigned	\$ -
Operational Basis - Allocated	\$ 69
Total Long-Term Incentive Plan	<u>\$ 421</u>

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Total Central Division Incentive Compensation billed to North Division	<u>\$ 2,640</u>
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<b>Total North Division Incentive Compensation</b>	<u><u>\$ 16,351</u></u>
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Prepared By: Brian Frantz  
Sponsored By: Brian Frantz

Title: Regulated Accounting Mgr  
Title: Regulated Accounting Mgr

**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-15:**

For each type of incentive compensation identified in Staff 1-14 above, please separate the payments by operational performance and financial performance. Provide the information for expenses directly incurred by AEP North and for expenses allocated to AEP North by an affiliate.

**Response No. Staff 1-15:**

See response to Staff's First Request for Information, Question No. Staff 1-14 for complete breakout of North Division incentive compensation.

Prepared By: Brian Frantz  
Sponsored By: Brian Frantz

Title: Regulated Accounting Mgr  
Title: Regulated Accounting Mgr

**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-16:**

Refer to Exhibit BJF-3. Please provide detailed work orders and project summaries that provide additional support for the requested 2017 affiliate costs for AEP North. The project summaries should provide by project code the amount of test year affiliate billings to AEP North by FERC account and should detail the billings by class of service. The summaries should also include the scope of work with a statement of the purpose, the primary activities, and the primary products or deliverables, as well as the justification for the billing method.

**Response No. Staff 1-16:**

Please see Staff 1-16 Attachment 1 (provided electronically on the PUC Interchange) for the details related to the 2017 costs charged between the Central and North Division shown in Exhibit BJF-3. Please see the Direct Testimony of Brian Frantz for a description of how work orders have been established for billing of specific projects, how these work orders have approved benefiting locations (which determine what AEP business units to be billed) and allocation factors (which determine how the costs are allocated among the AEP business units billed). Exhibit BJF-4 lists the benefiting locations and allocation factors assigned to the work orders included in the North Division's Energy Efficiency Costs charged from the Central Division. Because the Central and North divisions are not affiliates under PURA or the Commission's rules, there were no affiliate services in 2017. However, in the Direct Testimony of Brian Frantz, it shows that even if the Commission's affiliate rules were applied, the services provided by the two divisions would comply with the affiliate standards.

Prepared By: Brian Frantz  
Sponsored By: Brian Frantz

Title: Regulated Accounting Mgr  
Title: Regulated Accounting Mgr

**SOAH DOCKET NO. 473-18-4038  
PUC DOCKET NO. 48422**

**AEP TEXAS INC.'S RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

**Question No. Staff 1-17:**

Does the Company's requested EECRF affiliate expenses for AEP North include amounts for carrying charges on shared assets? If so, please provide the amount of carrying charges by category, such as depreciation, equity, and debt.

**Response No. Staff 1-17:**

The Company's requested EECRF expenses for AEP North do not include any AEP Service Corporation (AEPSC) affiliate charges; so therefore, there are no amounts for carrying charges on AEPSC shared assets.

Prepared By: Brian Frantz  
Sponsored By: Brian Frantz

Title: Regulated Accounting Mgr  
Title: Regulated Accounting Mgr