

Control Number: 48929



Item Number: 146

Addendum StartPage: 0

DOCKET NO. 48929

2019 JAN 25 PM 2: 57
BEFORE THE
PUBLIC UTILITY COMMISSION
FILING CLERK

**JOINT REPORT AND APPLICATION §
OF ONCOR ELECTRIC DELIVERY §
COMPANY LLC, SHARYLAND §
DISTRIBUTION & TRANSMISSION §
SERVICES L.L.C., SHARYLAND §
UTILITIES, L.P., AND SEMPRA ENERGY §
FOR REGULATORY APPROVALS §
PURSUANT TO PURA §§ 14.101, 37.154, §
39.262, AND 39.915 §**

**PUBLIC UTILITY COMMISSION
OF TEXAS**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO ONCOR ELECTRIC DELIVERY COMPANY LLC,
SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES L.L.C.,
SHARYLAND UTILITIES, L.P., AND SEMPRA ENERGY (JOINT APPLICANTS)
QUESTION NOS. STAFF 2-1 THROUGH STAFF 2-18**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144, the Commission Staff of the Public Utility Commission of Texas (Commission) requests that Oncor Electric Delivery Company LLC, Sharyland Distribution & Transmission Services L.L.C., Sharyland Utilities, L.P., and Sempra Energy (collectively, Joint Applicants), by and through their attorneys of record, provide the following information and answer the following questions under oath. The questions shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 20 days, if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question and state the name of the witness in this proceeding who will sponsor the answer to the question and can vouch for the truth of the answer. These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.

Provide an original and three copies of your answers to the questions to the Filing Clerk, Public Utility Commission of Texas, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326.

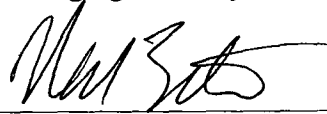
Date: January 25, 2019

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

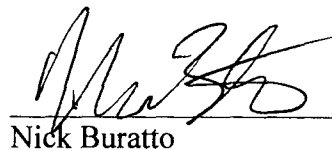
Stephen Mack
Managing Attorney



Rachelle Nicolette Robles
State Bar No. 24060508
Matthew A. Arth
State Bar No. 24090806
Nick Buratto
State Bar No. 24088862
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7255
(512) 936-7268 (facsimile)
rachelle.robles@puc.texas.gov

DOCKET NO. 48929

I certify that a copy of this document will be served on all parties of record on January 25, 2019 in accordance with 16 TAC § 22.74.



Nick Buratto

DOCKET NO. 48929

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO ONCOR ELECTRIC DELIVERY COMPANY LLC,
SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES L.L.C.,
SHARYLAND UTILITIES, L.P., AND SEMPRA ENERGY (JOINT APPLICANTS)
QUESTION NOS. STAFF 2-1 THROUGH STAFF 2-18**

DEFINITIONS

- A. "Joint Applicants" or "you" refers to Oncor Electric Delivery Company LLC, Sharyland Distribution & Transmission Services L.L.C., Sharyland Utilities, L.P., and Sempra Energy and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.
- B. "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond the Company's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do exist and these documents will be provided.

DOCKET NO. 48929

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO ONCOR ELECTRIC DELIVERY COMPANY LLC,
SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES L.L.C.,
SHARYLAND UTILITIES, L.P., AND SEMPRA ENERGY (JOINT APPLICANTS)
QUESTION NOS. STAFF 2-1 THROUGH STAFF 2-18**

INSTRUCTIONS

- 1) Pursuant to 16 TAC § 22.144(c)(2), Commission Staff requests that answers to the requests for information be made under oath.
- 2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.
- 3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.
- 4) Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.
- 7) Pursuant to 16 TAC § 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- 8) Commission Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

DOCKET NO. 48929

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO ONCOR ELECTRIC DELIVERY COMPANY LLC,
SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES L.L.C.,
SHARYLAND UTILITIES, L.P., AND SEMPRA ENERGY (JOINT APPLICANTS)
QUESTION NOS. STAFF 2-1 THROUGH STAFF 2-18**

- Staff 2-1 Reference Exhibit BM-3, page 2 of 14 to the direct testimony of Brant Meleski regarding the discussion of the January 29, 2015 Management Agreement. Please provide minutes of board meetings discussing and approving the agreement among HUS, the Partnership, and HIFR that obligates the Partnership to pay HUS a termination fee. Include minutes and discussions that cover the inception of the termination fee and all modifications to the amount of the termination fee.
- Staff 2-2 Reference the direct testimony of Don Clevenger at pages 15-16. Does the increase in the amount of InfraREIT debt due to the inclusion of the \$40.5 million termination fee for which Oncor, as the ultimate parent of SDTS and TDS after closing of the proposed transaction, will bear responsibility breach the Docket No. 35287 “hold harmless” condition?¹ If yes, please provide any proposed conditions that will mitigate harm to those ratepayers. If no, please explain how the “hold harmless” condition is met.
- Staff 2-3 Please provide the ADFIT balance as of December 31, 2017 for all entities currently falling within the group of entities for which Sharyland Utilities, LP has a tariff and identify the federal income tax rate used to determine the balance.
- Staff 2-4 Please provide the excess ADFIT balance as of December 31, 2017 for all entities currently falling within the group of entities for which Sharyland Utilities, LP has a tariff and identify the federal income tax rate used to determine the balance.
- Staff 2-5 Please provide the ADFIT balance as of December 31, 2018 for all entities currently falling within the group of entities for which Sharyland Utilities, LP has a tariff and identify the federal income tax rate used to determine the balance.
- Staff 2-6 Please provide the excess ADFIT balance as of December 31, 2018 for all entities currently falling within the group of entities for which Sharyland Utilities, LP has a tariff and identify the federal income tax rate used to determine the balance.
- Staff 2-7 Reference Exhibit DGW-6. For any division of the Sharyland WTS rate by category between the North Texas Utility and South Texas Utility that does not follow an 86%/14% split, please explain the method of allocation and the basis for the use of that method.

¹ *Joint Application of Sharyland Utilities, LP and Sharyland Distribution & Transmission Services, LP For Regulatory Approvals Pursuant to PURA § 14.101, § 39.262, and § 39.915, Docket No. 35287, Finding of Fact No. 31(c) (July 21, 2008).*

- Staff 2-8 What are Oncor’s plans for the distribution network previously owned by Sharyland in South Texas? Has Oncor proposed or received proposals for selling this distribution system? If so, please provide the details (e.g., potential parties, timing, and the stage of such negotiations) of any such potential transaction as well as any relevant supporting documentation.
- Staff 2-9 Please explain how Oncor expects to provide reliable operations and maintenance (O&M) for the North Texas Utility territory it expects to acquire. As shown in the map WRS-1 in the Application, these North Texas assets in the Panhandle would be outside of Oncor’s existing territory.
- a) Where is Oncor’s nearest service center in relation to these new assets?
 - b) Please provide a map in PDF format that clearly demarcates Oncor’s current service centers and Sharyland’s current service centers, as well as each of their respective territories.
 - c) Please provide a separate map in PDF format showing all of Oncor’s updated service territory and service centers after the transactions in this docket close.
 - d) Please provide a separate map in PDF format showing all of Sharyland’s updated service territory and service centers after the transactions in this docket close.
- Staff 2-10 Reference the direct testimony of D. Greg Wilks at page 10 wherein he discusses “. . . certain other O&M services for the South Texas Utility, including contiguous expansions and upgrades, for a period of ten years following the closing of the Proposed Transactions (the ‘O&M Agreement’). Oncor witness Mr. Wesley R. Speed provides additional detail in his direct testimony.”
- a) Is Oncor going to provide and be responsible for all of Sharyland’s necessary O&M?
 - b) Do Oncor and Sharyland intend to serve out the entire 10-year period of the agreement? If so, why was this 10-year timeframe selected? What is Sharyland’s plan for O&M once the agreement ends?
 - c) Please provide a documented plan that Sharyland’s South Texas Utility intends to be able to provide economical, reliable maintenance in the future.
- Staff 2-11 Reference the testimony of Wesley R. Speed at page 21, lines 5-8: “Given this discrepancy between what Sharyland is recovering in rates and what it is actually spending on O&M services, I do not believe the Proposed Transactions will result in lower O&M rates than those in place today.”
- a) What is the specific monetary amount of this discrepancy? What is Sharyland currently spending on O&M?
 - b) Please provide historical annual O&M expenses for Sharyland from 2012 to present.
 - c) Is it Oncor’s position that handling the O&M activities for Sharyland will result in better reliability than if Sharyland handled these activities on its own? Please explain.

- Staff 2-12 Regarding the Future Development Agreement (FDA) between Oncor and the South Texas Utility (Sharyland), please explain the direct benefits of the FDA to ratepayers, if any.
- Staff 2-13 Reference Exhibit WRS-2 at page 9, section 4.01. How do Oncor and Sharyland intend to file CCNs and ownership for these FDA projects? Will they be Joint CCN Applications, or, as Section 4.01 implies, will Oncor and Sharyland be filing sale/transfer/merger applications as the need arises for each project, post-construction?
- Staff 2-14 Reference testimony of Wesley R. Speed at page 9, to the effect that the FDA “allows Oncor to benefit from Sharyland’s familiarity with the North Texas Utility’s transmission grid,” and the FDA will allow Oncor to draw on the “institutional familiarity and knowledge base” of Sharyland’s transmission planners.
- a) Please explain what specific value Sharyland’s transmission planners would add in addition to the expertise of Oncor’s very experienced transmission planners? What specifically makes the North Texas Utility’s grid unusual or different from the everyday work that Oncor’s experienced transmission planning employees are accustomed to?
 - b) Under the FDA, would Oncor essentially be hiring Sharyland’s transmission planners and other employees as contract workers? If yes, then explain why this additional spending on personnel would be justified.
 - c) Please explain why the FDA is more useful than other mechanisms that would enable joint-ownership of transmission facilities (e.g. joint CCN application on a case-by-case basis).
- Staff 2-15 Reference the testimony of Wesley R. Speed at page 6, in which he states that Oncor plans to acquire Sharyland’s existing Amarillo grid control center and subsequently consolidate it into Oncor’s existing transmission grid management control center in the Dallas-Fort Worth area. In particular, Mr. Speed states, “The consolidation of this control center function will provide cost savings for ERCOT customers.”
- a) What asset value is Oncor placing on this Amarillo grid facility during this merger?
 - b) How soon after the transactions are complete will Oncor consolidate this control center with its own? Please provide an estimated date.
 - c) If, as Mr. Speed indicates, Oncor plans to retain most, if not all, of the Sharyland’s control center personnel at this facility, how will this result in cost savings for ERCOT customers?
 - d) What is the specific estimated value of the cost savings Mr. Speed refers to that will result from this control center acquisition and subsequent consolidation?
 - e) In its response to TIEC RFI No. 2-18, Oncor refers to this as the “elimination” of Sharyland’s Amarillo control center. Please clarify the usage of the term “consolidation” (as in Mr. Speed’s testimony) and the term “elimination” here regarding the facility. Is Oncor planning to sell this control center, or will it be repurposing it for other operational uses?

- Staff 2-16 Reference the testimony of Wesley R. Speed at page 15, lines 24-26: “Some changes to communications systems and equipment will be required to enable Oncor’s operation of facilities that are today operated by Sharyland.” What are these specific changes? Please provide an estimated cost and indicate if the work is already being conducted.
- Staff 2-17 Please elaborate on how Oncor and Sharyland will handle the current active Sharyland Docket Nos. 48625, 48668, and 48909 if the proposed transactions in this proceeding are approved.
- Staff 2-18 Does Oncor have any plans for changing the materials, contractors, or construction of the projects proposed in Docket Nos. 48625, 48668, and 48909? If so, what are those changes and what is the anticipated cost impact of those changes?