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**SOAH DOCKET NO. 473-22-2695
PUC DOCKET NO. 53601**

APPLICATION OF ONCOR ELECTRIC DELIVERY COMPANY LLC FOR AUTHORITY TO CHANGE RATES	§ § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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**ONCOR ELECTRIC DELIVERY COMPANY LLC'S
FIRST SET OF REQUESTS FOR INFORMATION
TO ALLIANCE OF ONCOR CITIES**

Pursuant to §22.144 of the Commission's Procedural Rules, Oncor Electric Delivery Company LLC ("Oncor") requests that the Alliance of Oncor Cities ("AOC"), by and through its attorneys of record, provide all of the information requested on the attached Exhibit A.

Pursuant to §22.144(c)(2) of the Commission's Procedural Rules, Oncor further requests that answers to the requests for information be made under oath. The question(s) shall be answered in sufficient detail to fully present all of the relevant facts. Exhibit A is attached hereto and incorporated herein for all purposes.

Definitions

1. "Document" and "documents" are used in their broadest sense to include, by way of illustration and not limitation, any and all written, recorded, filmed, or graphic matter of every kind and description, whether final or draft, original or reproduction, whether or not claimed to be privileged or otherwise excludable from discovery, and whether printed, produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device of any other media, including, but no limited to, memoranda, notes, emails, analyses, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, surveys, charts, graphs, statements, notebooks, handwritten notes, applications, contracts, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, observations, commercial practice manuals, reports and summaries of

interviews, reports of consultants, appraisals, forecasts, tape recordings, or any form of recording that is capable of being transcribed into written form. "Document" or "documents" shall also include every copy of a document where the copy contains any commentary or notation of any kind that does not appear on the original or any other copy.

2. The term "communication" includes all verbal and written communications (including written records of verbal communications) of every kind, including but not limited to, telephone calls, conferences, letters, emails and all memoranda or other documents concerning the requested item. Where communications are not in writing, provide copies of all memoranda and documents and describe in full the substance of the communication to the extent that substance is not reflected in the memoranda and documents provided and to the extent it is within the knowledge of respondent.
3. "Identification" of a document includes stating (a) the nature of the document (e.g., letter, memorandum, corporate minutes), (b) the date, if any, appearing thereon, (c) the date, if known, on which the document was prepared, (d) the title of the document, (e) the general subject matter of the document, (f) the number of pages comprising the document, (g) the identity of each person who signed or initialed the document, (h) the identity of each person to whom the document was addressed, (i) the identity of each person who received the document or reviewed it, (j) the location of the document, and (k) the identity of each person having custody of, or control over, the document. Identification of a document includes identifying all documents known or believed to exist, whether or not in the custody of respondent or in the custody of its attorneys or other representatives or agents.
4. "Identification" of a person includes stating his or her full name, his or her most recent known business address and telephone number, his or her present position, and his or her prior connection or association with any party to this proceeding.
5. "Person" refers to, without limiting the generality of its meaning, every natural person, corporate entity, partnership, association (whether formally organized or

ad hoc), joint venture, unit operation, cooperative, municipality, commission, governmental body or agency.

Instructions

1. If any request appears confusing, please request clarification from the undersigned counsel.
2. In providing your responses, please start each response on a separate page and type, at the top of the page, the question that is being answered.
3. As part of the response to each question, please state the name of the witness in this docket who will sponsor the answer to the question and who can vouch for the truth of the answer.
4. If AOC considers any request to be unduly burdensome, or if the response would require the production of a voluminous amount of material, please call the undersigned counsel as soon as possible in order to discuss the situation and to try to resolve the problem. Likewise, if AOC objects to any of the questions on the grounds that the question seeks proprietary information, or on any other grounds, please call the undersigned counsel as soon as possible.
5. These requests shall be deemed continuing in nature so as to require further and supplemental responses if AOC receives or generates additional information within the scope of these requests between the time of the original response and the time of the hearings.
6. All information responsive to the requests on the attached Exhibit A should be sent to the undersigned via email.

Respectfully submitted,

ONCOR ELECTRIC DELIVERY COMPANY LLC

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**ATTORNEY FOR ONCOR ELECTRIC
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been emailed to all parties of record on this the 1st day of September, 2022, in accordance with the Commission's Second Order Suspending Rules issued on July 16, 2020, in Docket No. 53601.

/s/ Tab R. Urbantke

Exhibit A

Oncor's First Request for Information to Alliance of Oncor Cities

REQUESTS

- 1-1 Please provide the following information for each witness that will provide testimony for AOC in this case:
- a. the subject matter on which the witness will testify;
 - b. the facts known by the witness that relate to or form the basis of the witness's mental impressions and opinions formed or made in connection with the testimony;
 - c. the methods by which the mental impressions and opinions were formed;
 - d. all documents, tangible things, reports, models, or data compilations that have been provided to the witness in anticipation of his or her testimony. For the rate filing package filed by Oncor in this proceeding, do not provide the documents but instead list the portions of the rate filing package (including any updates) provided to the witness, including the specific pages provided (provide Bates Stamp numbers). For discovery responses that have been provided by Oncor in this proceeding, do not provide the documents but instead list the discovery response, including the specific pages provided to the witness (provide Bates Stamp numbers);
 - e. all documents, tangible things, reports, models or data compilations that have been reviewed by the witness in anticipation of his or her testimony. For the rate filing package filed by Oncor in this proceeding, do not provide the documents but instead list the portions of the rate filing package (including any updates) reviewed by the witness, including the specific pages reviewed (provide Bates Stamp numbers). For discovery responses that have been provided by Oncor in this proceeding, do not provide the documents but instead list the discovery response, including the specific pages provided or reviewed (provide Bates Stamp numbers);
 - f. the facts contained in the documents, tangible things, reports, models, or data compilations that have been reviewed by the witness that relate to or form the basis of the witness's mental impressions and opinions formed or made in connection with the pending case. For facts taken from discovery responses that have been provided by Oncor in this proceeding, do not provide the documents but instead list the

discovery response, including the specific pages provided or reviewed (provide Bates Stamp numbers), and the specific facts contained on each page that relate to or form the basis of the witness's mental impressions and opinions;

g. the witness's current resume and bibliography, including, for the period since January 1, 2012, a complete listing of cases in which the witness has submitted testimony. Further, provide the docket number, jurisdiction, the party for whom testimony was submitted, and the topics addressed in the testimony;

h. copies of all articles, speeches, published materials, and peer-reviewed material written by the witness (or, for documents that are publicly available online, a link to access the online document may be provided instead of a copy);

i. the witness's billing rate, if not an employee of AOC; and

j. the number of hours spent by the witness on this case by week.

1-2 For each witness that will provide testimony for AOC, please provide, for the period since January 1, 2012, a complete copy of all prior testimonies submitted or testified to at hearing by the witness relating to the topic(s) the witness will address in this docket. For testimony that is readily available from the PUC website, simply list the docket number, and for documents that are otherwise publicly available online, a link to access the online document may be provided instead of a copy of the document.

1-3 Provide all materials regarding Mark E. Garrett's qualifications listed in his Direct Testimony Exhibit MG-1 that support his expertise in incentive compensation required to attract and retain a high-performing workforce in the utility industry in the State of Texas.

1-4 Please refer to the Direct Testimony of Mark E. Garrett at page 10, lines 16-18.

a. Provide a definition of "market compensation costs" for incentive compensation as used in Mr. Garrett's direct testimony.

b. Provide support for Mr. Garrett's generalized statement that "the base level or target level represents market compensation costs."

c. Regarding the statement that "[f]or ratemaking purposes, the first adjustment

to incentive expense is always to adjust the test year levels to target or base levels,” state whether this is a fact or an opinion, and provide any evidence supporting such fact or opinion.

1-5 Please refer to the Direct Testimony of Mark E. Garrett at page 10, lines 18-19, wherein he states that “[m]ost utilities do this as a matter of course” when referring to adjusting incentive expense to target or base levels, and referencing SWEPCO and SPS.

- a. What percentage of utilities represent “most utilities”?
- b. Identify utilities that do not make an adjustment to target or base levels and provide an explanation of why such adjustments are not made.
- c. Provide evidence that “most utilities” (as referenced in this question) set incentive compensation target payouts at “market,” and explain how that target is derived as it relates to the market data.
- d. Provide all documentation indicating that most utilities set target incentive pay at the same market level.
- e. Provide all supporting documentation that shows SWEPCO and/or SPS set incentive compensation target levels at the same market level as Oncor.

1-6 Does AOC agree that incentive program structures vary widely between companies?

1-7 Please refer to the Direct Testimony of Mark E. Garrett at page 10, lines 19-21, wherein he states that “ratepayers are not responsible for any above market compensation costs” and are “only obligated to pay market-based levels of compensation costs.” State whether this is a fact or an opinion, and provide any evidence supporting such fact or opinion.

1-8 Please refer to the Direct Testimony of Mark E. Garrett at page 10, lines 21-23, wherein he states that Oncor is suggesting that ratepayers should pay 20% above-market premium for short-term incentives. Taking into consideration that available market data only includes data on set target levels and not data on actual

performance, actual amounts paid, or on the ease or difficulty of achieving scorecard metrics, provide any evidence supporting the suggestion that if Oncor were to achieve 120% results, that this would mean Oncor would be paying employees more than most companies with a similar workforce are paying their employees in short term incentive compensation.

- 1-9 Please refer to the Direct Testimony of Mark E. Garrett at page 11, lines 27-28, wherein he states that Oncor has asserted that its plans no longer have a financial funding trigger, where incentives are paid to the extent some Earnings per Share (“EPS”) goal is achieved. Provide all details of any Oncor incentive plan that Mr. Garrett perceives as including a funding trigger where incentives are paid based on EPS goals.
- 1-10 Provide evidence that market incentive plans do not allow discretion for modifying award determinations for all or any individual participants.
- 1-11 Please refer to the Direct Testimony of Mark E. Garrett at page 14, lines 4-6, wherein he states, “[t]his means, whether stated or not, the plans will be funded to the extent earnings are sufficient year-to-year to fund these plans after stakeholders have been sufficiently compensated.” Provide evidence supporting this statement.
- 1-12 Please refer to the Direct Testimony of Mark E. Garrett at page 15, lines 21-30, wherein he states that the Operational Efficiency goal is tied to decreases in O&M expenses, which benefit ratepayers over time but more immediately benefit shareholders, and therefore this goal should be treated as a financial-based incentive measure. Explain why setting a goal to reduce Oncor’s cost per customer is not in alignment with AOC’s interests, and explain how this goal adversely impacts ratepayers.
- 1-13 Please refer to the Direct Testimony of Mark E. Garrett at page 16, line 1, wherein he states that the Infrastructure Readiness is a financial goal. Taking into

consideration that this metric measures Oncor's capital investment in its service territory based on an average kW peak demand, explain why setting a goal to ensure that Oncor is investing the proper amount of capital to support the growth in its service territory does not align with AOC's interests, and explain how this goal adversely impacts ratepayers.

- 1-14 Please refer to the Direct Testimony of Mark E. Garrett at page 16, lines 11-14, wherein he suggests that infrastructure readiness encourages employees "to spend even more, even faster." Taking into consideration that for Oncor, this metric is set based on the anticipated growth rate of its service territory and is based on how close Oncor is to achieving that number, along with the fact that the incentive award decreases the farther the results are from the goal, whether above or below, please then explain why Mr. Garrett's criticisms discussed in this portion of his testimony are applicable to Oncor's use of this metric.
- 1-15 Please refer to the Direct Testimony of Mark E. Garrett at pages 16-17 and 21. Provide calculation details for the 50% of incentive costs that Mr. Garrett stated should be disallowed, and explain how that calculation relates to his argument for disallowing two metrics that comprise 30% of costs.
- 1-16 Please refer to the Direct Testimony of Mark E. Garrett at pages 17-20, wherein he suggests that a 50/50 sharing approach is commonly used when metrics benefit both ratepayers and shareholders alike. Explain why Mr. Garrett is not recommending that same approach be applied to cost sharing.
- 1-17 Please refer to the Direct Testimony of Mark E. Garrett at page 21, lines 12-14, wherein he states that recovery of short term incentive plan costs through rates "***is not necessary to attract a talented workforce*** because the Company has other means of cost recovery—through the increased earnings generated by the plan" (emphasis in original). Provide supporting data for this statement.

1-18 Please refer to the Direct Testimony of Mark E. Garrett at page 25, lines 18-20. Provide all empirical studies, reports, and other documentation relied upon by Mr. Garrett in asserting that “a payroll adjustment based solely on the nominal amount of a pay raise is inaccurate because payroll levels will never increase by the amount of the nominal pay raise.”