



## **Filing Receipt**

**Filing Date - 2024-04-22 04:37:57 PM**

**Control Number - 56165**

**Item Number - 146**

**SOAH DOCKET NO. 473-24-12812  
PUC DOCKET NO. 56165**

<b>APPLICATION OF AEP TEXAS, INC.</b>	<b>§</b>	<b>BEFORE THE STATE OFFICE</b>
<b>FOR AUTHORITY TO CHANGE</b>	<b>§</b>	<b>OF</b>
<b>RATES</b>	<b>§</b>	<b>ADMINISTRATIVE HEARINGS</b>

**OFFICE OF PUBLIC UTILITY COUNSEL’S  
SECOND REQUEST FOR INFORMATION TO  
AEP TEXAS, INC.**

Pursuant to 16 Texas Administrative Code (“TAC”) § 22.144, the Office of Public Utility Counsel (“OPUC”) submits this Second Request for Information to AEP Texas, Inc. (“AEP Texas” or the “Company”). OPUC requests that AEP Texas provide answers to the request for information under oath as required by 16 TAC § 22.144(c)(2)(F) within the timeframe specified in the procedural schedule in this proceeding. OPUC further requests that AEP Texas provide an answer to the questions and sub-questions in the order listed below with sufficient detailed information to provide a complete and accurate answer to each question and sub-question.

**Definitions**

1. “AEP Texas,” the “Company,” “Applicant,” “You,” and “Your” refer to AEP Texas, Inc. and its affiliates, subsidiaries, and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees, or other persons.
2. “Document” and “documents” include any written, recorded, filmed, or graphic matter, whether produced, reproduced, or on paper, cards, tape, film, electronic facsimile, computer storage device, or any other media, including, but not limited to, electronic mail (e-mail), memoranda, notes, analyses, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, 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, summaries of interviews, reports of consultants, appraisals,

forecasts, tape recordings, or any form of recording that is capable of being transcribed into written form.

### **Instructions**

1. The Definitions, Instructions, and Claim of Privilege sections set forth in this request for information apply to these questions.
2. In providing an answer to each question, please furnish all of the information that is in your possession, custody, or control, as defined by Texas Rules of Civil Procedure (Tex. R. Civ. Proc.) 192.7(b), including information in the possession, custody, or control of your affiliates, subsidiaries, and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees, or other persons.
3. Please answer each question based upon your knowledge, information, or belief, and state whether each answer is based upon your knowledge, information, or belief.
4. If you have possession, custody, or control, as defined by Tex. R. Civ. Proc. 192.7(b), of an original requested document, please produce the original requested document or a complete copy of the original requested document and all copies that are different in any way from the original requested document, whether by interlineation, receipt stamp, or notation.
5. If you do not have possession, custody, or control of an original requested document, please produce copies of the document, however made, in your possession, custody, or control. If any requested document is not in your possession, custody, or control, please explain why the document is not in your possession, custody, or control and provide the current location and custodian of the requested document or any copy, summary, or other form of the requested document thereof.
6. If there is any confusion about a question, please contact the undersigned counsel for clarification.
7. In providing your response to a question, please start each response on a separate page and type, at the top of the page, the question that is being answered by the response.
8. As part of the response to each question, please state, at the bottom of the answer to the question, the name and job position of each person(s) who participated in any way, other than by providing clerical assistance, in the preparation of the answer to the question. If

the question has sub-parts, please identify each person(s) by name and job position that participated in any way, other than by providing clerical assistance, in the preparation of the answer for each sub-part of the question.

9. Please state the name of the witness in this docket who will sponsor the answer to the question and/or sub-part of the question and who will swear to the truthfulness of the answer to the question and/or sub-part of the question.
10. Please provide individual responses to questions as each response becomes available, rather than waiting to provide all of the responses to the questions at the same time.
11. These questions are continuing in nature. If there is a change in circumstances or facts or if you receive or generate additional information that changes your answer to a question between the time of your original response and the time of the hearing, then you should submit, under oath, a supplemental response to your earlier answer to the question.
12. If you consider any question to be unduly burdensome, or if the response would require the production of a voluminous amount of material, please contact the undersigned counsel, as soon as possible, to discuss the situation and try to resolve the issue. Furthermore, if you object to any question on the grounds that the question seeks confidential information, or on any other grounds, please contact the undersigned counsel, as soon as possible, to discuss the situation and try to resolve the issue.
13. If the response to any question is voluminous, please make available all of the voluminous material at a designated location in Austin. Please provide a detailed index for the voluminous material with your response to the question to enable efficient review of the material. The index should include information sufficient to locate each individual document by page, file, and box number, date of each document, title of each document, description of each document if no document title exists, name of the preparer of each document, and length of each document.
14. If the requested information is included in previously furnished exhibits, workpapers, or responses to other discovery inquiries or otherwise, in hard copy or electronic format, please furnish specific references thereto, including Bates Stamp page citations and detailed cross-references to the previously furnished information.

15. If a question requests the production of copyrighted material, you may provide a list of such material, including the title, publisher, author, edition, and page references relied on or otherwise relevant to the question.

**Claim of Privilege**

If any document is withheld under any claim of privilege, please provide a list that identifies each document for which a privilege is being claimed, including the date, sender, recipient(s) of the privileged document, recipient(s) of copies of the privileged document, subject matter of the privileged document, and the basis upon which a privilege is being claimed by the Company.

**SOAH Docket No. 473-24-12812**  
**PUC Docket No. 56165**  
**OPUC's Second Request for Information to**  
**AEP Texas, Inc.**

- 2-1** For each of the incentive compensation plans, and for the last five calendar years, including the historical test year, please provide the average percentage awarded to eligible employees as compared to the average targeted percentage for the eligible employees.
- 2-2** Please state whether the incentive compensation pay adjustment proposed in AEP Texas's application takes into account incentive compensation pay that is based on financial measures. If not, please explain why not.
- 2-3** Please provide copies of all compensation studies that were reviewed in setting the base salaries, short-term incentive compensation, and long-term incentive compensation for each AEP Texas employee position.
- 2-4** Please provide the AEP or AEP Texas Board of Directors meeting notes, presentations, or other documents provided by any consultants related to the approval of both employee payroll merit increases and incentive compensation awards for each of the last five calendar years, including the historical test year.
- 2-5** Please provide a monthly detailed accounting for each type of compensation that was included in the "Contract" and "Special Pay" categories in Schedule 11-D-3.2 of the Company's application.
- 2-6** Please refer to Schedule II-B-15A Allowance for Funds Used During Construction ("AFUDC").
  - a. Please produce a copy, in native format with formulas intact, of Excel spreadsheets calculating the AFUDC rate for capitalizing distribution and transmission investments from 2018 through 2023, including the ROE used.
  - b. If not included in the spreadsheet computations, also produce a copy of workpapers supporting the inputs and identifying computations for the following:
    - i. Long term debt;
    - ii. Short term debt, both estimates and actuals;
    - iii. Construction Work in Progress ("CWIP"), both estimates and actuals; and
    - iv. Equity accounts used in the AFUDC formula and method of compounding AFUDC.

**SOAH Docket No. 473-24-12812**  
**PUC Docket No. 56165**  
**OPUC's Second Request for Information to**  
**AEP Texas, Inc.**

- 2-7** Regarding the computation of AFUDC, please identify all sources of short-term debt (including affiliated borrowings, net borrowing positions in an affiliated money pool, commercial paper, etc.). Please also indicate the type of short-term debt that is included or excluded from the computation of the AFUDC rate and provide the daily balances and cost rates.
- 2-8** Please refer to AEP Texas Filing Schedules TYE 9-30-23, Tab II-D-2.3 Adv.Contr.&Dues. Please explain the reasoning for removing Organizational Memberships & Dues (Line 17) from the amount considered over the 0.3% limit imposed by 16 TAC § 25.231(b)(1)(E).
- 2-9** Please refer to AEP Texas Workpapers WP II-D-1.7 Sharyland:
- a. Explain the factors and considerations that affect the timing and amounts of payments; and
  - b. Provide detailed accounting entries supporting these costs.
- 2-10** Please refer to AEP Texas Workpapers TYE 9.30.2023, Tab WP II-D-1.8 TX Line Inspection:
- a. Explain the factors and considerations that affect the variation in costs; and
  - b. Provide detailed accounting entries supporting these costs.
- 2-11** Please refer to the Direct Testimony of Linda Schlessman, Page 10:20 – 11:10:
- a. Provide all workpapers and memoranda discussing and documenting the Tax Basis Balance Sheet Adjustment (“TBBS”).
  - b. Provide the TBBS study report.
  - c. Provide all accounting adjustments made by AEP Texas by FERC account, by year.
- 2-12** Please refer to the Direct Testimony of Jason Cash, Page 9:3-13. Please provide all workpapers demonstrating the re-allocation of accumulated depreciation using the theoretical reserve for each general plant account.
- 2-13** Please refer to the Direct Testimony of Gregory Wilson, Page 7:17-23. Please compare the target amount of reserve for a 25-year storm to the target reserve under a 20, 15, and 10-year storm scenario.

**SOAH Docket No. 473-24-12812**  
**PUC Docket No. 56165**  
**OPUC's Second Request for Information to**  
**AEP Texas, Inc.**

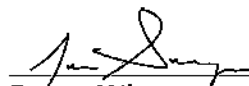
- 2-14** In reference to Direct Testimony of Gregory Wilson, Page 7:17-23, please explain why a 25-year storm was determined to be appropriate for determining the target reserve compared to other alternatives?
  
- 2-15** Please refer to the Direct Testimony of Gregory Wilson and AEP Texas's proposed self-insurance reserve. Please discuss the type of account the self-insurance proceeds are held in, and explain the restrictions applied to the use of funds in the account.
  
- 2-16** Please refer to the Direct Testimony of Aaron Thomas, Page 24:21-25. Please provide a detailed discussion of the credit line fees that were recorded "below-the-line" and explain whether these costs are incurred annually or represent credit line start-up fees.
  
- 2-17** Please refer to the Direct Testimony of Aaron Thomas, Page 24:21-25. Please explain whether the credit line fees are included in the cost of short-term debt used in the AFUDC calculation.



Date: April 22, 2024

Respectfully submitted,

Courtney K. Hjältman  
Chief Executive & Public Counsel  
State Bar No. 24070294



Renee Wiersema  
Assistant Public Counsel  
State Bar No. 24094361


Justin Swearingen  
Senior Assistant Public Counsel  
State Bar No. 24096794

Chris Ekoh  
Deputy Public Counsel  
State Bar No. 06507015  
1701 N. Congress Avenue, Suite 9-180  
P.O. Box 12397  
Austin, Texas 78711-2397  
512-936-7500 (Telephone)  
512-936-7525 (Facsimile)  
renee.wiersema@opuc.texas.gov (Service)  
justin.swearingen@opuc.texas.gov (Service)  
chris.ekoh@opuc.texas.gov (Service)  
opuc\_eservice@opuc.texas.gov (Service)

**ATTORNEYS FOR THE  
OFFICE OF PUBLIC UTILITY COUNSEL**

**CERTIFICATE OF SERVICE**  
SOAH DOCKET NO. 473-24-12812  
PUC DOCKET NO. 56165

I hereby certify that a copy of the foregoing document was served on all parties of record in this proceeding on this 22<sup>nd</sup> day of April 2024 by facsimile, electronic mail, and/or first class, U.S. mail.



Justin Swearingen