



## **Filing Receipt**

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

<b>APPLICATION OF AEP TEXAS INC. FOR AUTHORITY TO CHANGE RATES</b>	<b>§ § §</b>	<b>BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS</b>
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**CITIES SERVED BY AEP TEXAS' SIXTEENTH REQUEST  
FOR INFORMATION TO AEP TEXAS INC.**

The Cities Served by AEP Texas (Cities) files its Sixteenth Request for Information (RFI) to AEP Texas Inc. (AEP Texas or the Company) in the above-styled docket. AEP Texas is hereby requested to furnish one copy of all items of information enumerated on the attached sheets directly to the undersigned attorney at the offices of Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701 within fifteen (15) calendar days. These requests shall be deemed continuing so as to require further and supplemental responses if AEP Texas receives or generates additional information within the scope of these requests between the time of the original response and the time of the hearing. Also, where data is requested, provide it in hard copy and Excel format with all formulas intact.

**DEFINITIONS AND INSTRUCTIONS**

A. "AEP Texas" refers to the AEP Texas Inc.

B. The term "document" shall have the broadest meaning possible under the Texas Rules of Civil Procedure and shall include, but not be limited to, the original (or a copy when the original is not available), each non-identical copy (including those which are non-identical by reason of notations or marking, or by appearing in the files of a separate person), and any books, notebooks, pamphlets, periodicals, letters, reports, memoranda, handwritten notes, notations, messages, telegrams, wires, cables, press or news wire releases, records, studies, analyses, summaries, magazines, booklets, circulars, catalogs, bulletins, instructions, operating or maintenance manuals, operating or product specifications, fabrication sheets, test data, design specifications, parts lists, calendars, day-timers, notes or records of meetings, notices, purchase orders, bills, ledgers, checks, tabulations, questionnaires, surveys, drawings, sketches, schematics, blueprints, flow sheets, working papers, charts, graphs, indices, tapes, agreements, releases, appraisals, valuations, estimates, opinions, financial statements, accounting records, income statements, photographs, films or videotapes, back-up tapes, minutes, contracts, leases, invoices, records of purchase or sale, correspondence, electronic or other transcription or tapings of or notes pertaining to telephone or personal conversations or conferences, tape recordings, electromagnetic recordings, voice mail message or transcriptions thereof, interoffice communications of all types, e-mail messages, printouts of e-mail messages, instant messages or printouts thereof, microfilms, electronic databases, CDs, DVDs, videotapes or cassettes, films, movies, computer printouts and any and all other written, printed, typed, punched, engraved, taped, filmed, recorded (electronically

or otherwise), labeled, or graphic matter, of whatever description, however produced or reproduced (including computer-stored or generated data, together with instructions or programs necessary to search and retrieve such data), and shall include all attachments to (including tangible things) and enclosures with (including tangible things) any requested item, to which they are attached or with which they are enclosed, and each draft thereof. A draft of a non-identical copy is a separate document within the meaning of this term. An electronic copy of a paper document is a separate document within the meaning of this term.

C. Pursuant to Tex. R. Civ. P. 196.4, Cities specifically requests that any electronic or magnetic data (which is included in the definition of “document”) that is responsive to a request herein be produced on CD-ROM in a format that is compatible with Microsoft Office and/or Word Perfect and be produced with your response to these requests. Cities further requests that AEP Texas produce electronic copies of all paper documents, including any metadata attached to such documents, and produce all electronic originals or all responsive documents.

D. The terms “and” and “or” shall be construed both disjunctively and conjunctively as necessary to make the request inclusive rather than exclusive.

E. “Each” shall be construed to include the word “every” and “every” shall be construed to include the word “each.”

F. “Any” shall be construed to include “all” and “all” shall be construed to include “any.”

G. The term “concerning,” or one of its inflections, includes the following meanings: relating to; referring to; pertaining to; regarding; discussing; mentioning; containing; reflecting; evidencing; describing; showing; identifying; providing; disproving; consisting of; supporting; contradicting; in any way legally, logically or factually connected with the matter to which the term refers; or having a tendency to prove or disprove the matter to which the term refers.

H. The term “including,” or one of its inflections, means and refers to “including but not limited to.”

I. 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.

J. The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.

K. 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.

L. Pursuant to 16 Tex. Admin Code § 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.

M. If the information requested is included in previously furnished exhibits, workpapers, 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.

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE  
& TOWNSEND, P.C.**

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**ATTORNEYS FOR CITIES SERVED BY AEP  
TEXAS**

**CERTIFICATE OF SERVICE**

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on April 24, 2024, in accordance with the Order Suspending Rules, issued in Project No. 50664.



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SAMANTHA N. MILLER

**SOAH DOCKET NO. 473-24-12812**  
**PUC DOCKET NO. 56165**  
**CITIES' SIXTEENTH RFI TO AEP TEXAS**

**CITIES 16-1** Refer to the Direct Testimony of Aaron Thomas at 13-14 wherein he states:

Financially based incentive compensation after December 31, 2018 was excluded from the Company's interim TCOS and DCRF filings prior to Texas Senate Bill 1016 (SB 1016). As a result of SB 1016, AEP Texas discontinued its monthly write-down of capitalized financially based incentive compensation with the exception of officer financially based incentive compensation and SERP compensation. In addition, the Company reversed the financially based incentive compensation plant disallowances recorded to the ledger during January 1, 2019 to May 5, 2023 (effective date of SB 1016) with the exception of officer financially based incentive compensation and SERP compensation.

- a. Provide the accounting entries the Company recorded when it "reversed the financially based incentive compensation plant disallowances recorded to the ledger during January 1, 2019 to May 5, 2023," including increases to plant in service (through reductions to credits in account 116), increases to accumulated depreciation, changes in ADFIT, and any changes to operating expenses, including, but not limited to depreciation expense and ad valorem expense. Provide the Company's calculations in live Excel format with all formulas intact along with a narrative describing the assumptions and specific calculations that were made. In addition, provide all documentation relied on for the calculations.
- b. Confirm that plant in service (through reductions to credits in account 116) included in rate base was increased per books due to the accounting entries referenced in part (a) of this question. Confirm further that the increase in plant in service and related plant costs (accumulated depreciation, ADFIT, depreciation expense, ad valorem tax expenses) per books also were modified due to the accounting entries referenced in part (a) of this question.
- c. Provide the amount of the disallowances that were *not* recorded to reduce plant in service per books (through credits in account 116) for non-officer incentive compensation from May 2023 through September 2023, but would have been recorded if the Company had not made the accounting changes described in the testimony referenced in this question. Provide the Company's calculations in live Excel format with all formulas intact along with a narrative describing the assumptions and specific calculations that were made. In addition, provide all documentation relied on for the calculations.
- d. Confirm the Company did not seek Commission authorization for the accounting entries and the change in accounting described in the referenced testimony of Witness Thomas. If confirmed, then provide all rationale and all authorities relied on for the Company's decision to make these accounting entries. Provide all internal communications, including communications between the Company and its outside advisors considered and/or relied on for the decision to proceed with these accounting entries.

**CITIES' SIXTEENTH RFI TO AEP TEXAS**

- e. Indicate if the Company recorded depreciation/amortization expense on the credits recorded in account 116 since January 1, 2019 and then reversed the depreciation expense and accumulated depreciation when it made the accounting changes described in the testimony referenced in this question. If not, then explain why it did not.
- f. Indicate if the Company has reflected any negative depreciation/amortization expense credits recorded in account 116 in the depreciation/amortization expense included in the claimed revenue requirement in this proceeding. If not, then explain why it did not and provide a calculation in an Excel workbook in live format and with all formulas intact of the depreciation/amortization expense on a functional basis that would have been recorded if it had applied the depreciation rates requested in this proceeding.

**CITIES 16-2** Refer to WP II-B-11.1.1.

- a. Confirm that this workpaper provides the calculation support for the Company's proposed proforma adjustments to account 116, which it refers to as a "contra-plant account."
- b. Provide a reference to the Direct Testimony of each Company witness who described the adjustments, including, but not limited to, the purpose of the adjustments and the calculations of the adjustments.
- c. Describe the purpose of the adjustments calculated in this workpaper.
- d. Explain why the Company believes it is reasonable to restate the per books credits in account 116 at September 30, 2023 to reflect a disallowance based only on the \$23 million as of December 2018 cited in the settlement in Docket 49494 less a hypothetical amortization of that balance.
- e. Confirm that the \$23 million in the first numeric column is the amount of the disallowance for capitalized officer and non-officer incentive compensation tied to financial performance metrics as of December 31, 2018 cited in the settlement agreement in Docket 49494.
- f. Confirm that the accumulated amortization amounts shown in the second numeric column are calculated hypothetical amounts that were not recorded on the Company's accounting books. Provide the calculations of the amounts shown in this column in an Excel workbook in live format with all formulas intact and provide the data assumptions and the sources of the data and assumptions used in the calculations.

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- g. Confirm that the amounts shown in the fourth numeric column are the per books amounts recorded in account 116 at September 30, 2023 and reflect only the officer incentive compensation tied to financial performance metrics recorded from January 1, 2019 through September 30, 2023. If denied, then provide a corrected statement and provide all support for the corrected statement.
- h. Describe the amounts and sources of the amounts in each column.

**CITIES 16-3** Refer to the Direct Testimony of Aaron Thomas at 14 wherein he states:

As a result of SB 1016 and the final order in Docket No. 49494, the Company has recorded a monthly write-down of capitalized officer financially based incentive compensation and SERP compensation for the period January 1, 2019 to the September 30, 2023 (test-year end).

- a. Provide a detailed description of the Company's proposed ratemaking treatment of the credit amounts remaining in account 116 for the capitalized officer financially based incentive compensation and SERP compensation for the period January 1, 2019 through September 30, 2023 and indicate where Witness Thomas and/or each other witness describes the Company's proposal.
- b. Provide the credit amounts remaining in account 116 on a functional basis per books and after the Company's proposed ratemaking adjustments for the capitalized officer financially based incentive compensation and SERP compensation that are subtracted from rate base including both the amount subtracted indirectly through the per books amounts and the amounts subtracted or added directly through the ratemaking adjustments.