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

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

**OFFICE OF PUBLIC UTILITY COUNSEL’S
FOURTH 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 Fourth Request for Information to AEP Texas, Inc. (“AEP Texas”). 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 Fourth Request for Information to AEP Texas, Inc.

- 4-1** In reference to AEP Texas' response to CITIES 6-13, subpart a, for the assets related to subaccounts 651J, 651R, and 651W, please:
- a. Identify the ADIT liability accounts and subaccounts.
 - b. State whether the disallowances reduced the ADIT liability accounts and provide an illustration of the accounting entries for the disallowance to the ADIT asset and liability accounts to demonstrate your statement.
 - c. Confirm that the disallowed costs were capitalized for income tax purposes.
- 4-2** In reference to CITIES 6-16, Attachment 1, and Schedule II-E 3.7 (Line 188), AEP Texas demonstrates its proposed adjustment for prepaid OPEB in Account 1650035 (Transmission). The prepaid OPEB cost is reduced by the Payroll Expense Ratio of 68.66% and results in a \$2,581,744 balance to include in rate base. To compute the tax effect of the adjustment, AEP Texas multiplies the rate base adjustment by the tax rate of 21%, resulting in an adjustment to ADIT Account 190-906A (Transmission) of \$1,187,883.
- a. Please confirm that Account 190-906A only includes the temporary differences associated with prepaid OPEB costs in Account 1650035. If it cannot be confirmed, please identify the all-other temporary differences included in Account 190-906A and the associated balance.
 - b. Please explain why the 68.66% reduction to the prepaid OPEB amount caused the temporary difference to flip from a credit ADIT balance to a debit ADIT balance.
 - c. Please explain why it would not be more appropriate to compute the adjustment to ADIT in CITIES 6-16, Attachment 1, based on the amount of prepaid OPEB included in rate base of \$2,581,744 and applying the tax rate to the balance, resulting in an ADIT credit balance of \$542,166.
- 4-3** For Account 190-906A and Account 283-605B, please provide an Excel worksheet demonstrating the computation of the book ADIT balance, which also includes the respective book and tax basis underlying the temporary differences.
- 4-4** In reference to CITIES 9-3(e), please state whether the over-recovery of securitization revenues was included in AEP Texas' rates as a reduction to rate base. If it was, please provide citations to the rate proceeding dockets and the Account and Subaccount used to include the over-recovery in rate base.

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

- 4-5** In reference to capitalized finance leases, please:
- a. Provide the accounting AEP Texas' accounting for interest expense associated with finance leases.
 - b. To the extent the interest expense for finance leases is included in the cost of debt or the computation of AFUDC rates, indicate the schedules and workpapers that include finance lease interest expense. Also, provide supporting workpapers demonstrating the amount of finance lease interest expense included in the cost of debt.
- 4-6** In reference to CITIES 10-2, Attachment 1, 588 Detail tab, please provide the Excel spreadsheet with Project Description and Activity Description.
- 4-7** Regarding AEP Texas' proforma adjustment for TNC Pension and OPEB provided in WP II B-1.2 - AFUDC, please identify where the associated ADIT is included in the rate base. To the extent the ADIT associated with the proforma adjustments are not included in rate base, please justify such treatment.
- 4-8** In reference to WP II-D-1.15 Prior Period Adj, please provide all debit and credit accounting journal entries used to record each prior period adjustment, together with a narrative description of each adjustment and the date the adjustment was recorded.
- 4-9** Please provide a spreadsheet identifying transmission and distribution assets retired since the end of the Test Year to current by detail plant account and provide the associated gross plant and accumulated depreciation balances.
- 4-10** In reference to AEP Texas Workpapers TYE 9.30.2023, WP II-D-1.7 Sharyland, please:
- a. Explain the factors and considerations that affect the timing and amounts of payments; and
 - b. Provide detailed accounting entries supporting these costs.
- 4-11** In reference to AEP Texas Workpapers TYE 9.30.2023, WP II-D-1.8 TX Line Inspection, please:
- a. Explain the factors and considerations that affect the variation in costs month-to-month; and
 - b. Provide detailed accounting entries supporting these costs.

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

- 4-12** In reference to AEP Texas Filing Schedules TYE 9-30-23, II-D-2.3 Adv. Contr. & Dues, please explain the reasoning for removing Organizational Memberships & Dues (Line 17) from the amount recognized as exceeding the 0.3% limit imposed by 16 TAC § 25.231(b)(1)(E).
- 4-13** In reference to AEP Texas Filing Schedules TYE 9-30-23, II-D-3.6.2 Incentive metrics and Exhibit ARC-7, please provide a spreadsheet detailing the breakdown of incentive compensation provided to positions E1 through E16 by Financial and Operational Basis and Annual Incentive Plan, Long-Term Incentive – Performance Share, and Long-Term Incentive – Restricted Stock.
- 4-14** Please identify and discuss all items of excess or deficient ADIT that have changed its classification from protected to nonprotected EDIT by AEP Texas since the last base rate case (e.g., cost of removal EDIT). For each item, please:
- a. Provide detailed accounting entries and adjustments to the protected and unprotected EDIT regulatory deferral accounts.
 - b. Provide a detailed narrative regarding the accounting entries and adjustments and cite where the adjustments are reflected in the rate filing package.

Date: May 3, 2024

Respectfully submitted,

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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 3rd day of May 2024 by facsimile, electronic mail, and/or first class, U.S. mail.

Renee Wiersema

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