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Item Number: 354

Addendum StartPage: 0

SOAH DOCKET NO. 473-12-7519
PUC DOCKET NO. 40443

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APPLICATION OF SOUTHWESTERN § BEFORE THE STATE OFFICE
ELECTRIC POWER COMPANY FOR §
AUTHORITY TO CHANGE RATES § OF
AND RECONCILE FUEL COSTS § ADMINISTRATIVE HEARINGS

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
COMMISSION STAFF'S FIFTEENTH REQUEST FOR INFORMATION**

OCTOBER 25, 2012

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Question No. Staff 15-1:

For each month of the Test Year, please provide the following fully adjusted data for the residential class from SWEPCO's load study; stratified by monthly customer total usage in 600kWh increments (ex: total monthly usage 0-600 kWh, 601-1200 kWh, etc.):

- a. Total kWh
- b. Total number of bills
- c. Sum of maximum demands
- d. NCP
- e. Peak demand coincident with residential class CP.

In other words, please provide a stratification of the data in Schedule 0-1.4b, page 1, by monthly customer total usage in 600kWh increments.

Response No. Staff 15-1:

Residential class adjustments are performed on a class total basis and not on an individual customer basis. Therefore the information requested is not available.

Prepared By: Alan R. Graves
Sponsored By: Alan R. Graves

Title: Manager Load Research
Title: Manager Load Research

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
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Question No. Staff 15-2:

Please provide monthly load duration curves for each rate class using data from SWEPCO's load study, in a format similar to the system load duration curves in Schedule H-12.6c in SWEPCO's application, but with a separate graph for each combination of month and rate class. Please indicate if each graph displays data from a random sample of customers or from the class population.

Response No. Staff 15-2:

The following class load duration curves are provided in the attached.

Residential Class	Random Sample
General Service Class	Random Sample
Municipal Pumping Class	Random Sample
Municipal Service Class	Random Sample
Light & Power Secondary Class	Random Sample
Light & Power Primary Class	Random Sample
Oil Fields	Random Sample
Light & Power Transmission Class	Population Interval Metered
Large Lighting & Power Primary	Population Interval Metered
Large Lighting & Power Transmission	Population Interval Metered
Electric Furnace Service	Population Interval Metered
Cotton Gin Service	Population Interval Metered
Metal Melting Primary	Population Interval Metered
Metal Melting Transmission	Population Interval Metered

The Attachment responsive to this request is voluminous and available for review at the Austin office of American Electric Power Company (AEP), 400 West 15th Street, Suite 1520, Austin, Texas; 78701, (512) 481-4562, during normal business hours.

Prepared By: Alan R. Graves
Sponsored By: Alan R. Graves

Title: Manager Load Research
Title: Manager Load Research

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Question No. Staff 15-3:

Please provide copies of all analyses, studies, or reports SWEPCO or its representative has performed or directed to be performed regarding the saturation percentage of central air conditioning technology for SWEPCO's residential rate class; stratified by annual customer total usage in 7,200 kWh increments (ex: saturation of central air conditioning technology among residential customers with total annual usage from 0-7200 kWh, 7201-14400 kWh, etc.)

Response No. Staff 15-3:

SWEPCO has not performed any analyses or studies of residential air conditioning saturation percentages using the specified kWh usage categories.

Prepared By: Alan R. Graves
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Title: Manager Load Research
Title: Manager Load Research

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Question No. Staff 15-4:

For each demand-billed rate class for each month of the Test Year, please provide the count of meters stratified by monthly customer load factor in ten percent increments (ex: number of meters at 0 to 10% monthly load factor, 10-20% load factor, 20-30% load factor, etc.). Please use each meter's monthly peak demand and not billable demand to calculate monthly load factors.

Response No. Staff 15-4:

Although SWEPCO does not normally prepare information in the manner requested, attached is a spreadsheet which lists the number of customers, by month, for which the load factor could be derived from the billing information. The month represents the month of the meter read date for billing, and not necessarily the revenue month. Only billing records containing in excess of 15 billing days were included in the analysis.

Prepared By: Alan R. Graves
Sponsored By: Alan R. Graves

Title: Manager Load Research
Title: Manager Load Research

RATE CLASS	Load Factor	jannum	febnum	marum	aprum	maynum	junnum	julnum	augnum	sepnum	octnum	novnum	decnum
ELECTRIC FURNACE SERVICE	0 - 10	1	1	1	1	1	1	1	1	1	1	1	1
GENERAL SERVICE PRIMARY	10 - 20						1						
GENERAL SERVICE PRIMARY	20 - 30							1					
GENERAL SERVICE PRIMARY	30 - 40								1				
GENERAL SERVICE PRIMARY	40 - 50												1
GENERAL SERVICE PRIMARY	50 - 60		1	1	1	1				2	1	1	1
GENERAL SERVICE PRIMARY	60 - 70	2	1	1	1	1		2	2		1	1	1
GENERAL SERVICE PRIMARY	70 - 80						2						
GENERAL SERVICE SECONDARY	0 - 10	1123	847	1731	1512	1205	782	441	454	548	936	1439	1572
GENERAL SERVICE SECONDARY	10 - 20	1690	1435	2008	1517	1400	1287	839	823	1051	1388	1397	1625
GENERAL SERVICE SECONDARY	20 - 30	1029	1141	940	710	847	1147	1015	1195	1173	1065	658	727
GENERAL SERVICE SECONDARY	30 - 40	425	547	332	301	388	806	907	1122	859	528	256	280
GENERAL SERVICE SECONDARY	40 - 50	164	222	119	127	157	409	584	830	535	214	100	101
GENERAL SERVICE SECONDARY	50 - 60	90	112	73	45	52	121	291	449	211	80	52	66
GENERAL SERVICE SECONDARY	60 - 70	34	33	28	22	22	48	96	158	63	25	21	17
GENERAL SERVICE SECONDARY	70 - 80	18	13	10	13	12	39	39	53	29	10	11	7
GENERAL SERVICE SECONDARY	80 - 90	7	8	10	3	5	15	19	15	9	4	2	11
GENERAL SERVICE SECONDARY	90 - 100	18	14	17	16	14	14	16	27	17	17	12	14
LARGE LIGHTING & POWER PRIMARY	50 - 60	1	1	1	1	1	1	1	1	1	1	1	2
LARGE LIGHTING & POWER PRIMARY	60 - 70	1	1	1	1	1	1	1	1	1	1	1	1
LARGE LIGHTING & POWER PRIMARY	70 - 80	1	1	1	1	1	2	1	2	1	1	1	1
LARGE LIGHTING & POWER TRANSMISSIO	0 - 10					1	1						1
LARGE LIGHTING & POWER TRANSMISSIO	10 - 20	1	1			1	1				1	1	
LARGE LIGHTING & POWER TRANSMISSIO	20 - 30			1									
LARGE LIGHTING & POWER TRANSMISSIO	30 - 40			1		1		3		1	1	1	1
LARGE LIGHTING & POWER TRANSMISSIO	40 - 50	1	1		2	1	2		1	1	1	1	1
LARGE LIGHTING & POWER TRANSMISSIO	60 - 70												
LARGE LIGHTING & POWER TRANSMISSIO	70 - 80								1	1	1		
LARGE LIGHTING & POWER TRANSMISSIO	80 - 90	1	1	1	1	1				1			1
LARGE LIGHTING & POWER TRANSMISSIO	90 - 100												
LIGHTING & POWER PRIMARY	0 - 10	14	10	16	15	14	1	1	1	13	25	19	15
LIGHTING & POWER PRIMARY	10 - 20	24	22	22	18	19	8	11	15	19	15	21	19
LIGHTING & POWER PRIMARY	20 - 30	19	16	25	20	23	21	16	16	16	23	20	12
LIGHTING & POWER PRIMARY	30 - 40	38	30	25	30	19	29	21	28	32	34	19	24
LIGHTING & POWER PRIMARY	40 - 50	35	31	36	32	39	30	32	32	38	28	25	25
LIGHTING & POWER PRIMARY	50 - 60	40	44	34	41	39	40	40	39	29	31	38	34
LIGHTING & POWER PRIMARY	60 - 70	63	63	60	54	61	50	53	48	61	51	47	56
LIGHTING & POWER PRIMARY	70 - 80	72	84	85	80	80	79	79	82	86	106	88	84
LIGHTING & POWER PRIMARY	80 - 90	155	187	189	144	164	165	148	156	161	139	137	145

RATE CLASS	Load Factor	jannum	febnum	marnum	apnum	maynum	junnun	julhum	augnum	sepnum	octnum	novnum	decnum
LIGHTING & POWER PRIMARY	90 - 100	282	224	292	291	249	306	290	333	269	273	294	274
LIGHTING & POWER SECONDARY	0 - 10	394	286	545	440	319	247	195	185	205	316	453	472
LIGHTING & POWER SECONDARY	10 - 20	1437	1003	1831	1345	1082	655	394	396	509	962	1390	1759
LIGHTING & POWER SECONDARY	20 - 30	2255	2060	2668	2184	2094	1629	941	923	1257	2003	1994	2217
LIGHTING & POWER SECONDARY	30 - 40	1935	2062	2188	1746	1915	2208	1614	1710	2075	2162	1685	1716
LIGHTING & POWER SECONDARY	40 - 50	1390	1450	1486	1248	1391	1958	1975	2284	2087	1619	1156	1173
LIGHTING & POWER SECONDARY	50 - 60	951	980	1030	943	1008	1450	1685	2096	1593	1229	824	853
LIGHTING & POWER SECONDARY	60 - 70	507	512	588	578	620	1032	1253	1659	1105	693	506	444
LIGHTING & POWER SECONDARY	70 - 80	331	307	399	321	307	534	715	954	546	342	278	316
LIGHTING & POWER SECONDARY	80 - 90	296	273	302	273	260	282	321	406	295	264	230	224
LIGHTING & POWER SECONDARY	90 - 100	336	279	350	322	277	334	304	374	325	350	332	315
LIGHTING & POWER TRANSMISSION	50 - 60				1				1				
LIGHTING & POWER TRANSMISSION	60 - 70					1	1	1		1	1	1	
LIGHTING & POWER TRANSMISSION	70 - 80			1		1							1
LIGHTING & POWER TRANSMISSION	80 - 90			1				1	1	1	1		1
LIGHTING & POWER TRANSMISSION	90 - 100	1	1		1		1	1					
METAL MELTING PRIMARY	10 - 20	2	2	2	2	2	2	2	2	2	2	2	2
METAL MELTING TRANSMISSION	20 - 30												
METAL MELTING TRANSMISSION	30 - 40												
METAL MELTING TRANSMISSION	40 - 50	1	1	1	1	1		1	1	1		1	1
METAL MELTING TRANSMISSION	50 - 60												
MUNICIPAL PUMPING	0 - 10	100	86	119	103	108	110	104	102	104	92	84	114
MUNICIPAL PUMPING	10 - 20	111	99	110	106	112	95	83	86	84	112	135	109
MUNICIPAL PUMPING	20 - 30	76	76	89	77	63	70	69	82	71	84	66	72
MUNICIPAL PUMPING	30 - 40	38	35	65	47	35	63	44	66	51	40	34	37
MUNICIPAL PUMPING	40 - 50	41	41	42	29	39	42	30	45	38	35	33	24
MUNICIPAL PUMPING	50 - 60	23	27	18	18	17	34	22	30	23	30	19	24
MUNICIPAL PUMPING	60 - 70	16	15	25	21	22	19	31	28	25	19	12	9
MUNICIPAL PUMPING	70 - 80	11	15	11	12	9	14	23	23	24	13	14	14
MUNICIPAL PUMPING	80 - 90	9	7	9	11	8	7	12	14	17	11	10	10
MUNICIPAL PUMPING	90 - 100	14	10	10	7	8	12	10	9	10	12	11	11
MUNICIPAL SERVICE	0 - 10	51	45	86	71	68	62	49	65	51	61	67	69
MUNICIPAL SERVICE	10 - 20	67	54	77	69	57	37	31	43	29	56	56	69
MUNICIPAL SERVICE	20 - 30	51	68	69	50	59	54	34	33	42	53	51	49
MUNICIPAL SERVICE	30 - 40	48	40	34	28	44	70	53	45	51	48	28	29
MUNICIPAL SERVICE	40 - 50	27	24	40	35	38	64	54	77	73	45	17	20
MUNICIPAL SERVICE	50 - 60	33	37	34	20	10	22	35	51	36	28	35	37
MUNICIPAL SERVICE	60 - 70	8	12	12	6	5	7	20	19	12	7	6	10
MUNICIPAL SERVICE	70 - 80	13	7	4	9	7	5	10	14	10	4		5

RATE CLASS		Load	Factor	jannum	febnum	marnum	apnum	maynum	junnum	julinum	augnum	sepnum	octnum	novnum	decnum
MUNICIPAL SERVICE	80 - 90	5	6	4	3	3	3	5	4	4	3	6	4	4	7
	90 - 100	3	2	5	1	1	1	4	9	7	7	9	5	6	3
	0 - 10	7	9	9	6	3	3	2	3	4	4	2	8	5	5
	10 - 20	14	15	9	8	13	11	11	10	10	10	12	10	10	15
	20 - 30	24	21	19	23	24	24	22	25	26	26	20	25	22	23
	30 - 40	21	15	18	12	16	16	23	17	18	18	26	17	19	18
	40 - 50	15	13	17	22	17	11	11	20	14	14	14	23	18	17
	50 - 60	18	18	22	17	25	17	17	14	20	20	22	14	18	9
	60 - 70	21	27	20	25	14	23	23	22	10	28	16	25	19	19
	70 - 80	25	22	34	21	32	23	23	13	28	28	28	23	24	30
	80 - 90	46	41	56	40	35	42	42	41	44	44	43	33	33	37
	90 - 100	55	60	73	77	55	77	77	81	86	86	57	77	67	67

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
COMMISSION STAFF'S FIFTEENTH REQUEST FOR INFORMATION**

Question No. Staff 15-5:

Please provide an explanation of the methodology SWEPCO employed to establish the 600kWh cutoff point for the initial block in the off-peak months in designing its proposed residential rates.

Response No. Staff 15-5:

The 600 kWh block in the off-peak season has been the basis for the off-peak residential rate structure for many years. Prior to Docket No. 5301, SWEPCO's 1984 rate review, SWEPCO served residential customers under four different residential rate schedules containing four different blocking and pricing structures. In Docket No. 5301, SWEPCO consolidated the four residential rates into a single rate schedule. The single residential rate schedule incorporated an off-peak blocking structure to accommodate electric water and space heating appliance customers merging into the single rate schedule while considering the customer rate impact of the rate design change. The blocking structure in the off-peak was "u" shaped with a decrease in the price after 600 kWh to recognize the lower average costs associated with electric heating appliances. After 2,500 kWh the price reverted back to the first block price.

In Docket No. 37364, SWEPCO combined the North Texas service area rate schedules and the East Texas Service area rate schedules. The off-peak blocking structure for the North Texas electric heating appliance customers was set at 0 - 500 kWh and over 500 kWh for the space heating only and the space and water heating rate schedules, and 0 - 625 kWh for the water heating only rate schedule. SWEPCO eliminated all the North Texas electric appliance rate schedules in favor of a simple and straightforward rate schedule applicable to all residential customers.

The off-peak blocking structure of the East residential rate schedule still had a "u" shaped structure. The residential rate design eliminated the "u" shape rate structure and replaced it with a declining block structure for usage levels at 0 - 600 kWh and over 600 kWh. The structure significantly decreased the rate differential between the first and second block price based on the prior East residential rate. This design accommodated the merging electric heating appliance customers and recognized that the complete elimination of the declining block structure would

lead to excessive customer impacts. The 600 kWh block was chosen based on rate consolidation and customer impact concerns and was approved in the settlement in Docket No. 37364.

In the current docket, SWEPCO proposes to continue the 600 kWh block in the off-peak rate design as approved in the last case and adjust the rates by the same percentage change in order to avoid wide disparities in individual customer rate impact.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Principal Regulatory Consultant
Title: Principal Regulatory Consultant

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Question No. Staff 15-6:

Please provide an explanation of the methodology SWEPCO employed to set the seasonal differential for the proposed residential energy charges.

Response No. Staff 15-6:

The seasonal differential of the current rates was approved in the settlement of Docket No. 37364. The proposed seasonal rates are adjusted by approximately the same percentage change in order to maintain consistency of customer impact under the proposed rate increase.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Principal Regulatory Consultant
Title: Principal Regulatory Consultant

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Question No. Staff 15-7:

Please provide an explanation of the methodology SWEPCO followed to set the incremental customer charge for metering, billing, administrative, and other expenses for customers taking service under rate schedule IV-8, Off-Peak Service Rider at \$75.

Response No. Staff 15-7:

The \$75.00 customer charge recovers additional metering, billing, and administrative costs associated with providing service under the Off-Peak Service Rider. The customer charge was increased to \$75.00 based on the settlement in Docket No. 37364 that adjusted all industrial rates, including the Off-Peak Service Rider customer charge, by 7.25%.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Principal Regulatory Consultant
Title: Principal Regulatory Consultant

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Question No. Staff 15-8:

Please provide an explanation of the methodology SWEPCO followed to determine that the on-peak window should be 1pm to 7pm under the Off-Peak Service Rider.

Response No. Staff 15-8:

The on-peak window hours of 1:00 p.m. to 7:00 p.m. as defined in the Off-Peak Service Rider were approved in Docket No. 37364. In that docket, SWEPCO proposed that the definition of the on-peak hours included in the on-peak window be adjusted to reflect the hours of 1:00 p.m. to 7:00 p.m., replacing the prior definition of the hours of 9:00 a.m. to 9:00 p.m. in both the Off-Peak Service Rider and the Metal Melting Transmission Service rate schedule. The change was proposed based on several reasons.

- (1) the on-peak hour definition had not been updated since the rate case twenty-five years prior to Docket No. 37364 and the 9:00 a.m. to 9:00 p.m. time period was outdated and the twelve hours of on-peak was operationally difficult for customers to manage based on customer feedback,
- (2) 1:00 p.m. to 7:00 p.m. encapsulated the hours in which SWEPCO's system peak occurred during the peaking months of May through October and offered customers a more realistic peak window, and
- (3) SWEPCO narrowed the on-peak window in an attempt to encourage more customer participation and make standard rate schedules incorporating on-peak windows consistent. At that time, the Texas North Electric Furnace Service rate schedule already incorporated the 1:00 p.m. to 7:00 p.m. on-peak window definition.

In Docket No. 37364, SWEPCO reviewed the peak times for the test year period and three years prior to the test year in order to determine an appropriate on-peak window. SWEPCO estimated the billing determinant adjustment that reflected the change and incorporated the adjustment into the appropriate class rate design.

In the current proceeding, SWEPCO has proposed to continue the 1:00 p.m. to 7:00 p.m. on-peak window definition for the Off-Peak Service Rider and Metal Melting Transmission Service.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Principal Regulatory Consultant
Title: Principal Regulatory Consultant

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Question No. Staff 15-9:

Please provide an explanation of the methodology SWEPCO followed to determine the on-peak period for the US Steel Special Contract.

Response No. Staff 15-9:

The specific details of the special contract tariff were negotiated between SWEPCO and the customer when the contract tariff was originally approved.

The on-peak period includes the hours between 2 p.m. and 10 p.m., Monday through Friday, excluding holidays, during the months of May through September. SWEPCO is a summer peaking utility with peak demands occurring during the months of May through September. U.S. Steel is calendar month billed and the on-peak period billing takes into account the months in which SWEPCO usually registers peak demands.

The on-peak hours surround the time of SWEPCO's system peaks and are operationally manageable for U.S. Steel under its negotiated special contract tariff.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Principal Regulatory Consultant
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Question No. Staff 15-10:

Why are the rates for the transmission delivery voltage of metal melting service and special contract for US Steel time-differentiated, but not the proposed rates for Metal Melting Service at primary and secondary distribution voltages?

Response No. Staff 15-10:

The transmission voltage Metal Melting Service and U.S. Steel Special Contract tariffs were originally designed based on specific customer operational load requirements. Customers served under the distribution voltage metal melting service rate schedules have the ability to take service in conjunction with the Off-Peak Service Rider to the Lighting and Power (LP) schedule, the Large Lighting and Power (LLP) schedule, and the Metal Melting Service (MMS) Distribution Voltage schedules. The Off-Peak Rider adjusts billing demand of the LP, LLP, or MMS customer based on the average of the on-peak and off-peak demands as defined in the Off-Peak Rider.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Principal Regulatory Consultant
Title: Principal Regulatory Consultant

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APPLICATION OF SOUTHWESTERN	§	BEFORE THE STATE OFFICE
ELECTRIC POWER COMPANY FOR	§	
AUTHORITY TO CHANGE RATES	§	OF
AND RECONCILE FUEL COSTS	§	ADMINISTRATIVE HEARINGS

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
COMMISSION STAFF'S FIFTEENTH REQUEST FOR INFORMATION**

Question No. Staff 15-11:

With respect to SWEPCO's base rates before the Docket No. 37364 settlement in the North region, please provide an explanation of the methodology SWEPCO followed to:

- a. Set the cutoff point for the initial on-peak block for rate codes 015 and 016 at 700kWh;
- b. Set the rate for the initial on-peak block for rate codes 015 and 016 at \$0.0495 per kWh;
- c. Set the rate for the tail block for rate codes 015 and 016 at \$0.0580;
- d. Set the cutoff point for the initial on-peak block for rate codes 011 and 012 at 325kWh;
- e. Set the rate for the initial on-peak block for rate codes 011 and 012 at \$0.0495 per kWh;
- f. Set the range for the second on-peak block for rate codes 011 and 012 at 326 to 700kWh;
- g. Set the rate for the second on-peak block for RSWH rate codes 011 and 012 at \$0.0320 per kWh;
- h. Set the rate for the tail on-peak block for RSWH rate codes 011 and 012 at \$0.0580 per kWh;
- i. Select three tiers of rates for rate code 011 during the on-peak and off-peak seasons;
- j. Cut-off point for the initial off-peak block for rate code 011 at 200kWh;
- k. Set the rate for the initial off-peak block for rate code 011 at \$0.0443 per kWh;
- l. Set the range for the second off-peak block for rate code 011 at 201 to 625kWh;
- m. Set the rate for the second off-peak block for rate code 011 at \$0.0268 per kWh;
- n. Set the rate for the tail off-peak block for rate code 011 at \$0.0443 per kWh;
- o. Set the cutoff point for the initial off-peak block for rate codes 016 and 012 at 500kWh.

Response No. Staff 15-11:

The rate design and structure in effect before the Docket No. 37364 settlement for the North Texas area SWEPCO residential customers were approved in Docket No. 13369 in 1995 based on the rate case filed by the former West Texas Utilities Company (WTU), now known as Texas North Company (TNC). The residential rate schedules and rate blocking were differentiated based on the use of electric heating appliances by residential customers. The kWh blocking attempted to match typical usage for electric space heating and water heating appliances (or lack of electrical heating appliances) and designated a specific rate for that usage based upon system load factor improvement and off-peak season higher usage associated with the heating appliances. The blocking was based on kWh usage data prior to 1995.

As described in the Order in Docket No. 13369 (Finding of Fact No. 51), the final rate design was set pursuant to stipulation. The development of settlement target base revenues by rate design class is contained in Appendix 1 of Order No. 24 entered in that docket.

The North Texas area customers were later served by Mutual Energy SWEPCO, LP (MESPP) because of their location in the Southwest Power Pool, outside of the competitive service area in ERCOT. The rate structures of the schedules were maintained under MESPP, however the rates were reduced based on the price-to-beat (PTB) rules.

The MESPP customers were then transferred to SWEPCO from TNC through the final order in Docket No. 32672, *AEP Texas North Company, Mutual Energy SWEPCO, LP, and Southwestern Electric Power Company For Authority To Transfer Certificate of Convenience and Necessity and Customer Service Obligation; Sale, Transfer or Merger Public Interest Findings; and Approval of Tariffs*.

The North Texas customers were served under the WTU legacy rate structures until SWEPCO's most recent rate case, Docket No. 37364, where the rate structures of the North and East area customers were consolidated.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Principal Regulatory Consultant
Title: Principal Regulatory Consultant

**SOAH DOCKET NO. 473-12-7519
PUC DOCKET NO. 40443**

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
COMMISSION STAFF'S FIFTEENTH REQUEST FOR INFORMATION**

Question No. Staff 15-12:

With respect to SWEPCO's base rates before the Docket No. 37364 settlement in the East region, please provide an explanation of the methodology SWEPCO followed to:

- a. Set the cutoff point for the initial off-peak block for rate codes 015, 019, and 011 at 600kWh;
- b. Set the rate for the initial off-peak block for rate codes 015, 019, and 011 at \$0.0352 per kWh;
- c. Set the cutoff points for the second off-peak block for rate codes 015, 019, and 011 at 601 to 2500kWh;
- d. Set the rate for the second off-peak block for rate codes 015, 019, and 011 at \$0.0203 per kWh;
- e. Set the cutoff point for the tail off-peak block for rate codes 015, 019, and 011 at 2501+ kWh;
- f. Set the rate for the tail off-peak block for rate codes 015, 019, and 011 at \$0.0352 per kWh;
- g. Set the customer charge for rate code 011 at \$3.50, or a discount of 50% off the charge for other residential rate codes in the East region.

Response No. Staff 15-12:

- (a) - (f) With respect to SWEPCO's East region, the rate design and structure in effect before the Docket No. 37364 settlement were approved in Docket No. 5301 in 1984. As described in the Examiner's Report in that docket (Section II.B.), the rate design was set pursuant to stipulation. As stated there, "The stipulation adopts, with some modifications, the staff recommended rate design. Appendix I, Exhibit B sets out the agreed allocation of base rate revenue requirement to the customer classes. Exhibit B illustrates the rates of return and relative rates of return of each class determined by use of the Probability of Dispatch/Average and Excess-12CP allocation methodology proposed by staff engineer Petras."

The kWh blocking structure of the residential rates as proposed by SWEPCO in the 1984 case was designed to account for electrical heating appliance kWh usage in the off-peak. The off-peak rate structure resembled a "U" shape as was used to encourage electrical heating appliance usage during the off-peak and to encourage system load factor improvement. The first block represented average residential customer off-peak usage. The next block represented the additional usage associated with electric heating

appliances (space and water heating) and the per kWh rate associated with that usage was set to reflect that utilization of system resources during the off-peak and system load factor improvement was beneficial to the company. The final block mirrored the per kWh rate of the first block.

- (g) The \$3.50 customer charge was not a "discount" but an additional charge for the separate meter used to measure water heating usage at the customer premises. The billing and other costs associated with being a customer were recovered through the rate code 15 or 19 customer charge.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Principal Regulatory Consultant
Title: Principal Regulatory Consultant