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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 § OF PUBLIC UTILITY COMMISSION
AUTHORITY TO CHANGE RATES § FILING CLERK
AND RECONCILE FUEL COSTS § ADMINISTRATIVE HEARINGS

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
TEXAS INDUSTRIAL ENERGY CONSUMERS
TWENTIETH REQUEST FOR INFORMATION

FEBRUARY 1, 2013

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SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
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Question No. TIEC 20-1:

Refer to Andrew Carlin's rebuttal testimony, page 23, lines 13 - 15. Please specify the basis of the statement that Mr. Pollock recommended excluding 100% of the SWEPCO and AEPSC long-term incentive expense from the cost of service.

Response No. TIEC 20-1:

Mr. Carlin's testimony on page 23, lines 13-15 was incorrect in stating that Mr. Pollock recommended excluding 100% of long-term incentive compensation from the Company's cost of service. Mr. Pollock's recommended exclusion was 90.39% of long-term incentive compensation.

Prepared By: Andrew C. Carlin
Sponsored By: Andrew C. Carlin

Title: Dir- Comp & Executive Benefits
Title: Dir- Comp & Executive Benefits

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

APPLICATION OF SOUTHWESTERN ELECTRIC POWER COMPANY FOR AUTHORITY TO CHANGE RATES AND RECONCILE FUEL COSTS	§ § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
TEXAS INDUSTRIAL ENERGY CONSUMERS
TWENTIETH REQUEST FOR INFORMATION**

Question No. TIEC 20-2:

Refer to Paul Franklin's rebuttal testimony, page 44, line 11.

- a. In reference to the cost of the auxiliary boiler, please reconcile the cost of the auxiliary boiler stated in Mr. Franklin's testimony to the disputed cost provided in SWEPCO's RFI responses to Cities Advocating Reasonable Deregulation's 2-33 and Staff 27-7.
- b. Please explain why any cost disallowance should be based on the cost of the smaller auxiliary boiler and not the increase in costs as stated in the aforementioned RFI responses.

Response No. TIEC 20-2:

- a. The costs in the referenced sources are related to two different auxiliary boilers. The cost of the smaller auxiliary boiler, which as described in the rebuttal testimony of Company witness Franklin, is \$3,280,494.14. The cost of the larger auxiliary boiler that was included in CARD 2-33 and Staff 27-7 refers to the larger auxiliary boiler that is currently in service at the Turk Plant.
- b. The larger auxiliary boiler was placed in service when the Turk Plant entered commercial operation. As described in the Direct Testimony of Company witness Beam on page 83, lines 17-18, this was the result of prudent decision made by SWEPCO that limited to the Company's exposure to construction delays on the order of months or years (with delay costs being approximately \$10 million per month). For that reason, any disallowance, if one is ultimately approved, should only be based on the cost of the smaller auxiliary boiler, the one that is not in service.

Prepared By: Brian K. Rupp
Sponsored By: Paul W. Franklin

Title: Sr. Regulatory Consultant
Title: VP-Generating Assets SWEPCO