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SOAH DOCKET NO. 473-13-4067
PUC DOCKET NO. 41439

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APPLICATION OF SOUTHWESTERN § BEFORE THE STATE OFFICE
ELECTRIC POWER COMPANY TO §
ADJUST ENERGY EFFICIENCY COST § OF
RECOVERY FACTOR AND RELATED §
RELIEF § ADMINISTRATIVE HEARINGS

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

MAY 28, 2013

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
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Question No. STAFF 3-1:

Please refer to work paper "Sch C WP 2010" from the Company's application and work paper "Adjusted Allocators Wkpr Schd C" from SWEPCO's filed electronic work papers in DN39359. Please provide a narrative explanation of the rationale behind SWEPCO's decision to use the 2012 adjusted production demand allocator rather than the 2010 adjusted production demand allocator in Sch C WP 2010 in this proceeding.

Response No. STAFF 3-1:

In "Sch C WP 2010" in the current filing, the allocation to rate classes within the Commercial and Industrial EECRF classes (SWEPCO's EECRF rate classes at the time) would be the same using either the 2010 or 2012 adjusted production demand allocator since both class allocators are based on SWEPCO's load study from its last rate case in Docket No. 37364. This allocation is based on a similar method as used in the settlement with Staff in 2012 in Docket No. 40357 when SWEPCO changed its EECRF rate classes to more closely correspond with its base rate classes. In "Sch C WP 2010," the 2010 over-recovery and 2010 performance bonus are assigned to Residential, Commercial, Industrial and Lighting EECRF rate classes using workpapers supporting the approved rates from Docket No. 39359 as shown in Attachment 1.

Prepared By: Shawna G. Jones
Sponsored By: Shawna G. Jones

Title: Regulatory Consultant
Title: Regulatory Consultant

AEP Southwestern Electric Power Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

Schedule C
Calculation of 2010 Over Recovery Class Factor

2010 Residential Energy Efficiency Expenditures + R&D	\$2,435,428.92
<u>2010 Actual Residential Energy Efficiency Factor Revenues</u>	<u>\$2,567,308.60</u>
2010 Residential Over Recovery	(\$131,879.68)
2010 Commercial Energy Efficiency Expenditures + R&D	\$1,846,613.77
<u>2010 Actual Nonresidential Energy Efficiency Factor Revenues</u>	<u>\$1,954,562.66</u>
2010 Commercial Over Recovery	(\$107,948.89)
2010 Total Energy Efficiency Expenditures + R&D	\$4,282,042.69
<u>2010 Actual Total Energy Efficiency Factor Revenues</u>	<u>\$4,521,871.26</u>
2010 Total Over Recovery	(\$239,828.57)

Class	2010 Over Recovery	2010		Allocation Method	2012 Forecasted Billing Unit	2010 Over Recovery Factor	Unit
		2010 Weighted Class Allocation Factor	2010 Nonresidential Weighted Class Allocation Factor				
Residential	(\$131,880)	41.56%	0.00%	4CP A&E	2,463,057,427	(\$0.000054)	kWh
Commercial	\$32,368	50.66%	86.68%	4CP A&E	3,909,605,125	\$0.000008	kWh
Industrial	(\$85,806)	6.04%	10.33%	4CP A&E	298,606,944	(\$0.000287)	kWh
Lighting	(\$54,510)	1.75%	2.99%	4CP A&E	82,578,926	(\$0.000660)	kWh
Total	(\$239,829)	100.00%	100.00%		6,753,848,422		

AEP Southwestern Electric Power Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

Schedule C
Calculation of Performance Bonus Class Factor

Requested 2010 Performance Bonus \$856,409

Class	Performance Bonus	Adjusted Class Allocation Factor	Allocation Method	2012 Forecasted Billing Unit	Performance	
					Bonus Factor	Unit
Residential	\$362,218	42.30%	4CP A&E	2,463,057,427	\$0.000147	kWh
Commercial	\$441,547	51.56%	4CP A&E	3,909,605,125	\$0.000113	kWh
Industrial	\$52,643	6.15%	4CP A&E	298,606,944	\$0.000176	kWh
Lighting	\$0	0.00%	4CP A&E	82,578,926	\$0.000000	kWh
Total	\$856,409	100.00%		6,753,848,422		

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Question No. STAFF 3-2:

Please refer to work paper "Schedule H (kWh)" from the Company's application, and to the direct testimony of Shawna Jones at 10, lines 4-7. Please provide a narrative description of the rationale behind SWEPCO's decision to use the AEPSC total retail forecast as opposed to the AEPSC revenue class forecasts to calculate the EECRF class billing units.

Response No. STAFF 3-2:

2014 projected annual kWh in the total retail forecast and the revenue class forecast are the same. The revenue class forecast includes Residential, Commercial, Industrial, and Other revenue classes. There is not a one-to-one correspondence of EECRF rate classes to revenue classes; therefore, 2014 projected billing units for EECRF rate classes were determined by assigning total 2014 projected kWh to the rate classes using a ratio of 2012 actual kWh by rate class. This methodology has been approved in prior EECRF filings.

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Question No. STAFF 3-3:

Please provide a narrative description of the rationale behind SWEPCO's decision to set per-kWh EECRF rates rather than per-kW EECRF rates for each of SWEPCO's rate classes that are billed on a demand basis.

Response No. STAFF 3-3:

SWEPCO has set EECRF rates based on kWh consumption since SWEPCO's first EECRF Rider was approved in Docket No. 35625. A per-kWh EECRF charge complies with 25.181(f)(6). Not all of SWEPCO's base rate schedules have a per-kWh based rate; however, all base rate schedules do include a per-kWh charge. Energy efficiency costs are assessed to customers with the goal of reducing overall kWh consumption as well as peak load; therefore, assessing EECRF charges on a per-kWh basis is appropriate.

Charges pursuant to energy efficiency-related riders for SWEPCO Arkansas and sister companies Texas Central Company, Texas North Company and Public Service Company of Oklahoma are assessed to customers on a per-kWh basis as well.

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Question No. STAFF 3-4:

Please provide an explanation of how the production and consumption of energy by qualifying facilities is treated in the calculation of SWEPCO's rate class billing units for the purpose of setting SWEPCO's EECRF rates. Please provide a narrative description of SWEPCO's rationale for its treatment of the energy produced and consumed by qualifying facilities in setting SWEPCO's EECRF rates.

Response No. STAFF 3-4:

As stated in the Applicability section of the Energy Efficiency Cost Recovery Rider, the "Energy Efficiency Cost Recovery Factor (EECRF) recovers the cost of energy efficiency programs not included in base rates and is applicable to the kWh of Retail Customers taking retail service from the Company." Therefore, the EECRF rider applies to the consumption of energy by a retail customer. Consumption (kWh) by a retail customer, not a qualifying facility's production, is included in the billing units for the purpose of setting SWEPCO's EECRF rates.

The Company's purchase of energy produced by qualifying facilities is pursuant to SWEPCO's Purchased Power Service and Qualified Facility Non-Firm Power Purchase Schedule rate schedules to which the EECRF rate schedule does not apply and is not included in the billing units for purposes of setting SWEPCO's EECRF rates.

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Question No. STAFF 3-5:

Please identify all the conditions under which a premise with a qualifying facility incurs EECRF charges based on QF premise's energy consumption under SWEPCO's Tariff. Please provide kWh consumption at QF premises upon which EECRF charges were assessed in 2012 by retail rate class.

Response No. STAFF 3-5:

Please refer to the response to Staff's Third Request for Information, Question No. STAFF 3-4. EECRF charges are incurred by a retail customer's kWh consumption. SWEPCO has three retail customers in Texas with qualifying facilities. One customer is at primary voltage taking service under the Lighting and Power Service (LP) rate schedule and As-Available Standby Service, one customer is at secondary voltage also taking service under the LP rate schedule and As-Available Standby Service, and the other customer is at transmission voltage taking service under the Large Lighting and Power Service (LLP) rate schedule with As-Available Standby Service, Backup Power and Maintenance Power. The transmission customer is exempt from EECRF charges. The secondary LP customer's 2012 annual consumption was 2,785,605 kWh and the primary LP customer's 2012 annual consumption was 1,757,995 kWh. EECRF charges were applied to both customers.

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Question No. STAFF 3-6:

Please identify all the conditions under which a premise with a qualifying facility is credited EECRF charges based on QF premise's energy production under SWEPCO's Tariff. Please provide kWh production at QF premises for which EECRF charges were credited in 2012 by retail rate class.

Response No. STAFF 3-6:

Please refer the response to Staff's Third Request for Information, Question No. STAFF 3-4. Qualifying facilities are not credited EECRF charges.

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Sponsored By: Shawna G. Jones

Title: Regulatory Consultant
Title: Regulatory Consultant