



Control Number: 46449



Item Number: 520

Addendum StartPage: 0

SOAH DOCKET NO. 473-17-1764
PUC DOCKET NO. 46449

RECEIVED

2017 MAY -5 PM 2: 21

APPLICATION OF SOUTHWESTERN §
ELECTRIC POWER COMPANY FOR §
AUTHORITY TO CHANGE RATES §

PUBLIC UTILITY COMMISSION
STATE OFFICE OF FILING CLERK

§

ADMINISTRATIVE HEARINGS

**EAST TEXAS SALT WATER DISPOSAL COMPANY AND EAST TEXAS OIL AND
GAS PRODUCERS' RESPONSE TO SWEPCO'S SECOND REQUEST FOR
INFORMATION QUESTION NOS. 2-1 THROUGH 2-10**

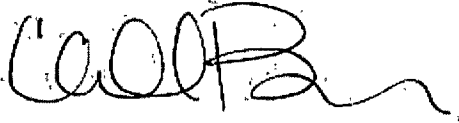
East Texas Salt Water Disposal Company and East Texas Oil and Gas Producers¹ (together, "ETSWD") file this Response to Southwestern Electric Power Company's ("SWEPCO") Second Request for Information Question Nos. 2-1 through 2-10. The requests were received by ETSWD on May 1, 2017. Pursuant to Order No. 3, ETSWD's response is timely filed.

ETSWD's written responses to SWEPCO'S Second Request for Information are attached and incorporated by reference. Each response is stated on or attached to a separate page on which the request has been restated. ETSWD's responses are made in the spirit of cooperation without waiving ETSWD's right to contest the admissibility of any of these matters at hearing. Pursuant to 16 Tex. Admin. Code ("TAC") § 22.144 (c)(2)(A), each response lists the preparer or person under whose direct supervision the response was prepared and any sponsoring witness. When ETSWD provides certain information sought by the request while objecting to the provision of other information, it does so without prejudice to its objection in the interests of narrowing discovery disputes pursuant to 16 TAC § 22.144(d)(5). Pursuant to 16 TAC § 22.144(c)(2)(F), ETSWD stipulates that its responses may be treated by all parties as if they were made under oath.

¹ East Texas Oil and Gas Producers includes the following: BASA Resources, Inc., R2Q Operating LLC (which acquired all assets from Texas Energy Operations, LLC on February 1, 2017), Linder, John Operating Co., LLC, and Breitburn Operating L.P.

520

Respectfully submitted,




Amy Maxwell
Amy Maxwell, LLC
515 Congress Avenue, Suite 2450
Austin, Texas 78701
512.796.6345 (telephone)
amy@amy-maxwell.com

LOCKE LORD LLP
John K. Arnold
State Bar No. 24013829
Carrie Collier-Brown
State Bar No. 24065064
600 Congress Avenue, Suite 2200
Austin, Texas 78701
512-305-4732 (telephone)
512-391-4859 (fax)
John.Arnold@lockelord.com
Carrie.CollierBrown@lockelord.com

**ATTORNEYS FOR EAST TEXAS SALT WATER DISPOSAL COMPANY AND
EAST TEXAS OIL AND GAS PRODUCERS**

CERTIFICATE OF SERVICE

I, Carrie Collier-Brown, attorney for ETSWD, certify that a copy of this document was served on all parties of record in this proceeding on May 5, 2017 in the following manner: by electronic mail, facsimile and/or First Class Mail.



Carrie Collier-Brown

**SOAH DOCKET NO. 473-17-1764
PUC DOCKET NO. 46449**

RESPONSES

QUESTION NO. SWEPCO 2-1

Generally speaking, does Ms. Pevoto take the position that SWEPCO's revenue requirement should reflect its reasonable and necessary expenses?

RESPONSE:

Ms. Pevoto takes the position that SWEPCO's revenue requirement should reflect the cost of service as outlined in 16 Texas Admin. Code § 25.231 and as approved by the Commission.

Preparer: Kit Pevoto
Sponsor: Kit Pevoto

QUESTION NO. SWEPCO 2-2

Does Ms. Pevoto agree that SWEPCO incurs transmission charges pursuant to a FERC approved Southwest Power Pool (“SPP”) Open Access Transmission Tariff (“OATT”)?

RESPONSE:

It is Ms. Pevoto’s understanding that SWEPCO is responsible for paying a share of regional transmission revenue requirement calculated by the Southwest Power Pool under the terms and conditions as set in the FERC approved Open Access Transmission Tariff.

Preparer: Kit Pevoto
Sponsor: Kit Pevoto

QUESTION NO. SWEPCO 2-3

Referring to Pages 9-10 of Ms. Pevoto's Direct Testimony, please state the basis, relevance, and significance of the statement, "SWEPCO's generation and transmission systems experience the highest demand usages during summer months."

RESPONSE:

Please refer to page 13 of Mr. John Aaron's direct testimony and Exhibit JOA-2 of Mr. Aaron's direct testimony.

Preparer: Kit Pevoto

Sponsor: Kit Pevoto

QUESTION NO. SWEPCO 2-4

Referring to Page 9 of Ms. Pevoto's Direct Testimony, please state the basis, relevance, and significance of the statement, ". . . the transmission system may be thought of as both an extension of, and a substitute for, the generation system."

RESPONSE:

Physically, a transmission system connects directly from the generators and transfer the electricity produced by the generators to the customers spread out in the utility's service area. While a transmission system does not produce the electricity itself, it is responsible to transfer the electricity the generators produce to the customers. Without a transmission system, the generation is of no use to the customers. Therefore, it may be thought of as both an extension of, and a substitute for, the generation system.

Preparer: Kit Pevoto

Sponsor: Kit Pevoto

QUESTION NO. SWEPCO 2-5

Does Ms. Pevoto have a position on whether costs incurred outside the four summer months should be reflected in SWEPCO's revenue requirement?

RESPONSE:

Ms. Pevoto takes the position that SWEPCO's revenue requirement should reflect the cost of service as outlined in 16 Texas Admin. Code § 25.231 and as approved by the Commission.

Preparer: Kit Pevoto

Sponsor: Kit Pevoto

QUESTION NO. SWEPCO 2-6

Does Ms. Pevoto take the position on that 16 Texas Admin. Code § 25.231 prohibits SWEPCO from basing its transmission revenue requirement wholly on the billings to SWEPCO from the SPP under the SPP OATT?

RESPONSE:

Ms. Pevoto takes the position that 16 Texas Admin. Code § 25.231 defines in detail what should be included in a utility's cost of service.

Preparer: Kit Pevoto

Sponsor: Kit Pevoto

QUESTION NO. SWEPCO 2-7

Please explain why transmission charges pursuant to a FERC-approved SPP OATT cannot be included in its cost of service as an allowable expense such as an operations expense?

RESPONSE:

Please refer to 16 Texas Admin. Code § 25.231 for the cost items that should be included in a utility's cost of service.

Preparer: Kit Pevoto

Sponsor: Kit Pevoto

QUESTION NO. SWEPCO 2-8

Referring to Page 19 of Ms. Pevoto's Direct Testimony, please provide a list of contested PUCT proceedings, where the Commission approved a "a zero decrease for the classes" that experience a rate decrease in a utility's class cost allocation study.

RESPONSE:

Ms. Pevoto has not done any research to identify any contested PUCT proceedings where the Commission approved a "a zero decrease for the classes" that experience a rate decrease in a utility's class cost allocation study.

Preparer: Kit Pevoto
Sponsor: Kit Pevoto

QUESTION NO. SWEPCO 2-9

Does Ms. Pevoto have a position on whether costs incurred outside the four summer months should be reflected in SWEPCO's revenue requirement?

RESPONSE:

Ms. Pevoto takes the position that SWEPCO's revenue requirement should reflect the cost of service as outlined in 16 Texas Admin. Code § 25.231 and as approved by the Commission.

Preparer: Kit Pevoto

Sponsor: Kit Pevoto

QUESTION NO. SWEPCO 2-10

Referring to Page 9 of Mr. Nault's Direct Testimony, he states that, "approximately 28.25 percent of producers' current total monthly expenses are related to the cost of electricity." Please explain what the remaining 71.75 percent of costs are related to.

RESPONSE:

Producers' other monthly expenses include salt water disposal fees, labor, insurance, equipment rentals, materials and supplies, repairs and maintenance, well testing and treating costs, property taxes, and miscellaneous and administrative expenses.

Preparer: PJ Nault

Sponsor: PJ Nault