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APPLICATION OF
SOUTHWESTERN ELECTRIC POWER COMPANY
FOR AUTHORITY TO CHANGE RATES

REBUTTAL TESTIMONY OF
BRETT MATTISON
FOR
SOUTHWESTERN ELECTRIC POWER COMPANY

MAY 19, 2017

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1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

3 A. My name is Brett Mattison and my business address is 428 Travis Street, Shreveport,
4 Louisiana 71101. I am employed by Southwestern Electric Power Company
5 (SWEPCO or Company) as Director of Customer Services and Marketing.

6 Q. DID YOU FILE DIRECT TESTIMONY?

7 A. Yes, I did.

8

9 II. PURPOSE OF REBUTTAL TESTIMONY

10 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

11 A. The purpose of my rebuttal testimony is to provide SWEPCO's response to the
12 proposed reduction to meter reading expense presented by Office of Public Utility
13 Counsel (OPUC) witness William Marcus.

14

15 III. METER READING EXPENSES

16 Q. WHAT IS THE POSITION OF OPUC WITNESS MARCUS ON SWEPCO'S
17 RECOVERY OF METER READING EXPENSE?

18 A. Mr. Marcus claims that the amount of meter reading services has declined in the
19 second half of the test year compared to the first half, due to the ongoing installation
20 of automated meter reading (AMR) meters. (Marcus at 40-41). He contends as a
21 result that meter reading expenses should be reduced by an additional amount of
22 \$50,490, compared to the test year amount of \$614,613.

1 Q. DO YOU AGREE WITH MR. MARCUS' RECOMMENDATION?

2 A. No, I do not.

3 Q. PLEASE EXPLAIN THE NATURE OF YOUR DISAGREEMENT.

4 A. The reduction in costs associated with recent trends in meter reading expense is
5 already adequately captured in the test year. SWEPCO began implementing the
6 AMR installation in 2013 and completed that effort in 2015. During the test year, the
7 last material change in meter reading operations occurred in October of 2015, when
8 two additional meter readers were released. The annualized effect of that staff
9 reduction on SWEPCO headcount would be captured in the test year ending head
10 count adjustment addressed by Mr. Hamlett. Once this staff reduction occurred, there
11 were no additional labor savings to be captured.

12 The test year level is a reasonably representative level going forward for other
13 reasons. SWEPCO can expect normal inflationary factors to cause some increases
14 beyond the level of costs in the test year amount. Additionally, though the staff is
15 leaner, it is reasonable to anticipate some offsetting changes in the cost of this staff
16 arising from the work they do to address future customer meter-related issues. Prior
17 to the implementation of AMR, SWEPCO employed 18 meter readers in its Texas
18 service territory. The number of meter readers now stands at four. Therefore, with
19 only four meter readers, these offsetting changes in cost could include matters such as
20 overtime to cover sick or vacationing employees, or meter reading being performed
21 by a higher classification employee filling in during those circumstances.

22 Additionally, meter readers may perform storm-related duties during a major
23 event. Once restoration efforts have been completed, overtime may be necessary

1 until the meter readers (and/or higher classification employees that may be helping
2 out) are caught up with their regular meter reading responsibilities. Events such as
3 this that can cause overtime, or the aforementioned work coverage of sick or
4 vacationing employees, lead to fluctuating or variable meter reading costs from
5 month-to-month and even year-to-year. Therefore, the test year level remains a very
6 reasonable and representative level, and should be utilized for establishing the portion
7 of SWEPCO's revenue requirement for meter reading expense.

8 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

9 A. Yes, it does.