

Control Number: 49737



Item Number: 191

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SOAH DOCKET NO. 473-19-6862
PUC DOCKET NO. 49737

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2019 DEC -3 PM 3:00

APPLICATION OF SOUTHWESTERN §
ELECTRIC POWER COMPANY FOR §
CERTIFICATE OF CONVENIENCE §
AND NECESSITY AUTHORIZATION §
AND RELATED RELIEF FOR THE §
ACQUISITION OF WIND §
GENERATION FACILITIES §

BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

**COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
TO SOUTHWESTERN ELECTRIC POWER COMPANY (SWEPCO)
QUESTION NOS. STAFF 3-1 THROUGH 3-9**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144, the Staff of the Public Utility Commission of Texas (Staff) requests that Southwestern Electric Power Company (SWEPCO) by and through its attorneys of record, provide the following information and answer the following question(s) under oath. The question(s) shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 20 days, if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question. These question(s) are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

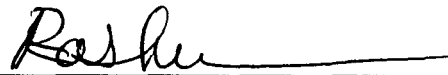
Provide an original and three copies of your answers to the questions to the Filing Clerk, Public Utility Commission of Texas, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78712-3326.

Dated: December 3, 2019

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

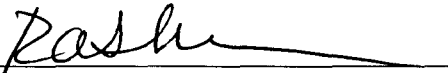


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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on December 3, 2019, in accordance with 16 TAC § 22.74.



Rashmin J. Asher

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DEFINITIONS

- A. "SWEPCO", "Company", or "you" refers to the Southwestern Electric Power Company and any and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.
- B. "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond the Company's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do exist and these documents will be provided.

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QUESTION NOS. STAFF 3-1 THROUGH 3-9**

INSTRUCTIONS

- 1) Pursuant to 16 TAC § 22.144(c)(2), Staff requests that answers to the requests for information and requests for admission be made under oath.
- 2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.
- 3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.
- 4) Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.
- 7) Pursuant to 16 TAC § 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- 8) Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

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QUESTION NOS. STAFF 3-1 THROUGH 3-9**

- Staff 3-1 Please refer to Issue No. 19(a) of the Preliminary Order issued in this proceeding which states:
What is the timing of receipt of the production tax credit?
Based on all scenarios prepared by the Company, what is SWEPCO's best estimate of the most likely timing of receipt of the production tax credit by year? Please include the dollar amounts most likely to be received each year in the response. If the information is available by individual project, please provide it by project and in aggregate.
- Staff 3-2 Please refer to Issue No. 19(b) of the Preliminary Order issued in this proceeding which states:
Over what time period will SWEPCO be eligible for the production tax credit?
How long can any unused production tax credits be carried forward?
Based on all scenarios prepared by the Company, what is SWEPCO's best estimate of the most likely time period that it will be eligible for the production tax credit and how long can any unused production tax credits be carried forward? If the information is available by individual project, please provide it by project and in aggregate.
- Staff 3-3 Please refer to Issue No. 19(c) of the Preliminary Order issued in this proceeding which states:
Will the benefits of the production tax credits flow to customers? If so, how? If not, then why not?
Based on all scenarios prepared by the Company, what is SWEPCO's best estimate of how the benefits of the production tax credits will flow to customers by year? In addition to a detailed explanation and discussion, please provide your dollar amounts in tabular form by year and reconcile the amounts of benefits provided to customers by year with the Company's estimate of the timing of receipt of production tax credits by year provided in response to Staff 3-1. If the information is available by individual project, please provide it by project and in aggregate.
- Staff 3-4 Please refer to the response to TIEC 9-15 and provide the date SWEPCO expects to file its request for a Generation Investment Recovery Rider pursuant to PURA § 36.213. What is SWEPCO's best estimate of the test year that will be used in that proceeding?
- Staff 3-5 Is it SWEPCO's position that the Staff strawman (as filed in Project No. 50031 related to the rulemaking for the generation cost recovery factor) requires or

permits inclusion of applicable production tax credits in setting a GCRF? If the answer is no, what changes to the proposed strawman does SWEPCO believe are necessary to ensure applicable production tax credits are required or permitted to be included in setting a GCRF?

Staff 3-6 Please provide the filing dates and associated test years for each of SWEPCO's anticipated or planned base rate cases through the year 2036.

Staff 3-7 If the amount of production tax credits received by SWEPCO varies by year, in the absence of annual base rate cases, how does SWEPCO's request in this proceeding ensure that the benefits of all production tax credits flow to customers? If SWEPCO's request in this proceeding does not ensure that the benefits of all production tax credits flow to customers, why does it not do so?

Staff 3-8 Please refer to Issue No. 20 of the Preliminary Order issued in this proceeding which states:

To the extent SWEPCO does not receive its predicted amount of production tax credits, how will SWEPCO ensure that ratepayers are kept harmless for the shortfall? What additional mechanism, if any, should be implemented if production tax credits are terminated?

Please provide a detailed explanation and discussion as well as numerical examples of how SWEPCO's proposed production tax credit guarantee, minimum production guarantee, and other mechanisms work to ensure that ratepayers are kept harmless if the Company does not receive the levels of production tax credits identified in response to Staff 3-1. Does SWEPCO's request and proposed guarantees in this proceeding ensure that ratepayers are kept harmless if production credits are terminated? If so, provide a detailed explanation of how ratepayers are held harmless from any termination of production tax credits. If SWEPCO's request and proposed guarantees do not hold ratepayers harmless from any termination of production tax credits, why does it not do so?

Staff 3-9 Please refer to Issue No. 21 of the Preliminary Order issued in this proceeding which states:

Should the Commission approve SWEPCO's request to create a deferred tax asset relating to unused production tax credits and include it in a future ratemaking proceeding? What would be the anticipated amount in this account and how much would it affect rates?

Based on all scenarios prepared by the Company, what is SWEPCO's best estimate of the most likely balance of the deferred tax asset by year? Based on all scenarios prepared by the Company, please provide SWEPCO's best estimate of the most likely revenue requirement associated with the deferred tax asset by year. Your answer should include detailed calculations and identify all assumptions. If the information is available by individual project, please provide it by project and in aggregate.