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PUC DOCKET NO. 49737

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

PUBLIC UTILITY COMMISSION  
OF TEXAS

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PUBLIC UTILITY COMMISSION  
OF TEXAS

**TEXAS INDUSTRIAL ENERGY CONSUMERS'**  
**FIRST REQUEST FOR INFORMATION TO SWEPCO**

Pursuant to 16 T.A.C. § 22.144, Texas Industrial Energy Consumers (“TIEC”) requests that Southwestern Electric Power Company (“SWEPCO”) provide all of the information requested in Exhibit “A” within the time frame specified under the procedural rules.

Pursuant to 16 T.A.C. § 22.144(c)(2), TIEC further requests that answers to the requests for information be made under oath. Each answer should identify the person responsible for preparing that answer (other than the purely clerical aspects of its preparation) and the name of the witness in this proceeding who will sponsor the answer and who can vouch for its accuracy. In producing documents pursuant to this request for information, please indicate the specific request(s) to which the document is being produced. These requests are continuing in nature, and should there be, for any reason, a change in circumstances which would modify or change an answer supplied by you, such changed answer should be submitted immediately as a supplement to your original answer pursuant to 16 T.A.C. § 22.144(i). Please answer each request and sub-request in the order in which they are listed and in sufficient detail to provide a complete and accurate answer to the request. TIEC further requests that each item of information be made available as it is completed, rather than upon compilation of all information requested.

All information responsive to the requests on the attached Exhibit “A” should be sent to the following persons via overnight courier, on a piecemeal basis as individual items become available:

Mr. Rex D. VanMiddlesworth  
Mr. Benjamin Hallmark  
Mr. James Zhu  
Thompson & Knight LLP  
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### **DEFINITIONS AND INSTRUCTIONS**

“SWEPCO” refers to Southwestern Electric Power Company, and its affiliates, subsidiaries, and any person acting or purporting to act on their behalf, as it relates to the true-up proceeding and related appeals, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.

“AEP” refers to American Electric Power, and its affiliates, subsidiaries, and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.

The terms “document” or “documents” are used in their broadest sense to include, by way of illustration and not limitation, all written or graphic matter of every kind and description whether printed, produced or reproduced by any process whether visually, magnetically, mechanically, electronically or by hand, whether final or draft, original or reproduction, whether or not claimed to be privileged or otherwise excludable from discovery, and whether or not in your actual or constructive possession, custody, or control. The terms include writings, correspondence, telegrams, memoranda, studies, reports, surveys, statistical compilations, notes, calendars, tapes, computer disks, data on computer drives, e-mail, cards, recordings, contracts, agreements, invoices, licenses, diaries, journals, accounts, pamphlets, books, ledgers, publications, microfilm, microfiche and any other data compilations from which information can be obtained and translated, by you if necessary, into reasonably usable form. “Document” or “documents” shall also include every copy of a document where the copy contains any commentary or notation of any kind that does not appear on the original or any other copy.

Pursuant to Rule 196.4 of the Texas Rules of Civil Procedure, TIEC specifically requests that any electronic or magnetic data (which is included in the definition of “document”) that is responsive to a request herein be produced on CD-Rom in a format that is compatible with Microsoft, Macintosh and/or Word Perfect and be produced with your response to these requests. If emails are responsive to these requests, please provide a printed copy of the entire email string. Attachments to emails should be printed or, if the attachment is an Excel or other similar file, should be provided in native format on CD-Rom.

The terms “and” and “or” shall be construed both disjunctively and conjunctively as necessary to make the request inclusive rather than exclusive.

“Each” shall be construed to include the word “every” and “every” shall be construed to include the word “each.”

“Any” shall be construed to include “all” and “all” shall be construed to include “any.”

The term “concerning,” or one of its inflections, includes the following meanings: relating to; referring to; pertaining to; regarding; discussing; mentioning; containing; reflecting; evidencing; describing; showing; identifying; providing; disproving; consisting of; supporting; contradicting; in any way legally, logically or factually connected with the matter to which the term refers; or having a tendency to prove or disprove the matter to which the term refers.

The term “including,” or one of its inflections, means and refers to “including but not limited to.”

“Relate to,” “regarding,” “concerning” and similar terms mean addressing, analyzing, referring, discussing, mentioning in any way, explaining, supporting, describing, forming the basis for, or being logically or causally connected in any way with the subject of these discovery requests.

“Provide the basis,” “state the basis,” or “explain the basis” means provide all information on or describe every fact, statistic, inference, estimate, consideration, conclusion, study, and analysis known to SWEPCO that was relied upon in support of the expressed contention, proposition, conclusion or statement.

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.

The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.

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 of copies, subject matter of the document, and the basis upon which such privilege is claimed.

Pursuant to P.U.C. PROC. R. 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.

If the information requested is included in previously furnished exhibits, workpapers, and responses to other discovery inquiries or otherwise, in hard copy or electronic format, please furnish specific references thereto, including Bates Stamp page citations and detailed cross-references.

The term “emails” includes the entire email string and all attachments found anywhere within the email string. Please refer to paragraph “D.” regarding specific instructions for producing such items.

“Communications” refers to correspondence of any kind, including emails.

“Identify” and “describe” shall have the meaning set forth below according to the context in which the term is used:

When used in reference to an individual, shall mean to state his or her full name, present or last known residence address, business affiliation and business address, and residence and business telephone number;

When used in reference to a corporation, shall mean to state its full name, its state of incorporation, its address and its principal place of business;

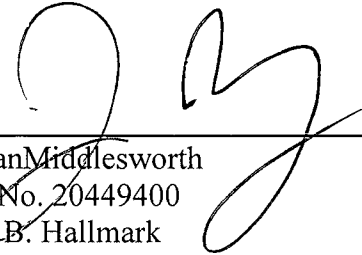
When used in reference to any entity other than an individual or corporation, shall mean to state its official name, its organizational form and its address;

When used in reference to a document, shall mean to state the type of document, date, author, addressee, title, its present location, the name and address of its custodian, and the substance of the contents thereof. In lieu of identifying any document, copies thereof may be furnished; and

When used in reference to a communication, shall mean to state the form of the communication (e.g., telephone conversation, letter, telegram, teletype, telecopy, written memorandum, face to face conversation, or any other form), the date of the communication or the dates on which the communication was sent and/or received if not the same, the parties to the communication, the party who initiated it, the substance of the communication, and the present location and the name and address of the custodian if the communication was non-verbal and/or of any written memorialization of the communication.

Respectfully submitted,

THOMPSON & KNIGHT LLP



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ATTORNEYS FOR TEXAS INDUSTRIAL  
ENERGY CONSUMERS

**CERTIFICATE OF SERVICE**

I, James Zhu, Attorney for TIEC, hereby certify that a copy of the foregoing document was served on all parties of record in this proceeding on this 24th day of July, 2019 by facsimile, electronic mail and/or First Class, U.S. Mail, Postage Prepaid.



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James Zhu

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**TEXAS INDUSTRIAL ENERGY CONSUMERS’  
FIRST REQUEST FOR INFORMATION TO SWEPCO**

- TIEC 1-1** Does AEP use a trended long-term forecast of the NYMEX Henry Hub natural gas settlement prices for any purpose? If so, please state for what purposes AEP uses a trended NYMEX forecast and the trending methodology AEP applies to quoted NYMEX prices.
- TIEC 1-2** Does AEP believe that it is unreasonable for a utility to rely on a trended long-term forecast of the NYMEX Henry Hub natural gas settlement prices in creating a long-term gas price forecast?
- TIEC 1-3** Referring to page 4 of the Direct Testimony of Karl R. Bletzacker, please provide a copy of all third-party natural gas price forecasts published or developed in the last five years that are in SWEPCO or AEP’s possession, custody, or control.
- TIEC 1-4** Please describe in detail how AEP creates the Fundamentals Forecast and provide all underlying data and calculations for its 2018 and 2019 long-term natural gas price forecasts. Please also state whether AEP has made any changes to its methodology for creating the Fundamentals Forecast since creating the 2016 Fundamentals Forecast that was used to evaluate the Wind Catcher project, and provide a detailed description of any such changes to the methodology.
- TIEC 1-5** How often does AEP create its Fundamentals Forecast?
- TIEC 1-6** Referring to page 4 of the Direct Testimony of Karl R. Bletzacker, where SWEPCO states that its low gas price forecast is one standard deviation below the base case forecast:
- a. Please provide the percent volatility used in determining that level of standard deviation for each year of the forecast.
  - b. How was this level of volatility determined?
  - c. Does the volatility level in AEP’s forecasts change each year?

- d. Why does AEP believe that one standard deviation below the base case is a reasonable low price case?
- e. In determining the amount of the standard deviation each year, does AEP rely on a normal distribution, a lognormal distribution, or some other probability distribution?

**TIEC 1-7** In the last three years, has AEP sought pricing or quotes for forward prices of natural gas for Henry Hub delivery of greater than one year duration? If yes, please provide such pricing or quotes.

**TIEC 1-8** Has AEP ever compared its previous long-term gas price forecasts in its Fundamentals Forecast to actual results? If so, please provide such studies or analyses. If not, please explain why not.

**TIEC 1-9** Please provide all AEP Fundamental Forecasts created during the last ten years.

**TIEC 1-10** Does AEP agree that financial theory holds that a stream of future cash flows should be discounted at an appropriate risk-adjusted discount rate in order to arrive at a present value of that stream of cash flows? If not, please explain why not.

**TIEC 1-11** Please state whether AEP calculated the breakeven natural gas price by adjusting the avoided costs based on an implied heat rate calculated against natural gas prices. If not, please provide a detailed explanation of how AEP calculated the breakeven natural gas price. In responding, please provide all calculations and workpapers.

**TIEC 1-12** Does AEP believe that it would be appropriate to assume that off-peak prices in SPP are driven entirely by natural gas? Please explain why or why not.

**TIEC 1-13** Referring to page 17 of the Direct Testimony of John F. Torpey:

- a. Please state whether AEP uses the same methodology to determine forecasted revenues in the economic analysis it presents in this proceeding as it does to determine forecasted revenues for the 88 MW portion of the Turk Plant that is not in rate base in any state (i.e., merchant plant).
- b. Please describe in detail how AEP forecasts the revenues to the merchant portion of Turk.
- c. Please provide the discount rate or rates it uses to value the expected cash flow of the merchant portion of Turk.



- TIEC 1-14** Has AEP sought to buy any natural gas reserves or interests in any natural gas production in the last ten years? If so, please provide the analyses underlying those valuations and the discount rates used in those valuations.
- TIEC 1-15** Please provide SWEPCO's 2018 IRP, including workpapers.
- TIEC 1-16** Please provide SWEPCO's 2019 IRP, including workpapers.
- TIEC 1-17** Referring to page 9 of the Direct Testimony of John F. Torpey, where he states that the preferred plan from SWEPCO's 2018 IRP had wind resources beginning in 2022 and being added through 2024:
- a. Was this plan an optimized plan? If not, please explain why not.
  - b. Why did the preferred plan not have wind resources being added in 2020 and 2021?
  - c. Why did SWEPCO issue an RFP for wind resources for 2020 and 2021 delivery if its preferred plan did not show a need for wind until 2022?
- TIEC 1-18** Has AEP evaluated the net benefits of adding each of the Traverse, Maverick, and Sundance facilities standing alone or in some combination aside from adding all three? If yes, please provide any such analyses. If not, please explain why not.
- TIEC 1-19** Please provide the following inputs and outputs for each of the base case No CO2 and low gas case No CO2 evaluations with and without the wind projects for each year of the study period:
- a. gas prices, including Henry Hub price and the delivered price at each facility;
  - b. coal prices, including Powder River Basin price, rail transport as applicable, and delivered prices for western coal plants and for lignite plants;
  - c. expansion and retirement plan showing unit type, size, fuel, and heat rate;
  - d. price for purchases from SPP;
  - e. price of sales to SPP;
  - f. energy from each facility;
  - g. MMBtus consumed at each facility;
  - h. capital expenditures at each facility;
  - i. O&M at each facility, both fixed and variable;

- j. total energy costs, broken down by fuel sources and purchased power;
- k. cost per MWh of each of the three wind facilities for which a CCN is sought;
- l. nonfuel revenue requirement of each facility.

**TIEC 1-20** Please provide, for the last three calendar years, the output of each of SWEPCO's generation facilities, the amount of purchased power both bought and sold off-system, and the retail energy need at the source.

**TIEC 1-21** Please refer to the page 21 of the Direct Testimony of John F. Torpey, where SWEPCO states that its forecast shows a minimal change in generation from its existing fleet and a minimal change in price at its generation hub:

- a. Is that true in both the base case and the low gas case?
- b. If true, does that mean that SWEPCO expects that SPP prices will be in excess of the marginal cost of operating its existing fleet?

**TIEC 1-22** For the base case and low gas case, please provide the equilibrium expansion plan by year from Aurora for the SPP region that encompasses SWEPCO, broken down into megawatts of wind, solar, coal, CCGT, SCGT, nuclear, and other.