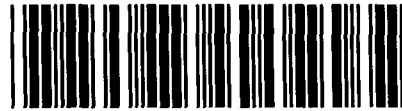


Control Number: 49737



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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

**TEXAS INDUSTRIAL ENERGY CONSUMERS'**  
**SECOND 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  
98 San Jacinto Blvd., Suite 1900  
Austin, Texas 78701  
(512) 469.6100  
(512) 469-6180 Fax  
[rex.vanm@tklaw.com](mailto:rex.vanm@tklaw.com)  
[benjamin.hallmark@tklaw.com](mailto:benjamin.hallmark@tklaw.com)  
[james.zhu@tklaw.com](mailto:james.zhu@tklaw.com)  
[tk.eservice@tklaw.com](mailto:tk.eservice@tklaw.com)

### **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;

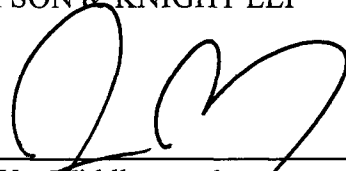
When used in reference to any entity other than an individual or corporation, shall mean to state its official name, its organizational form and its address;

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



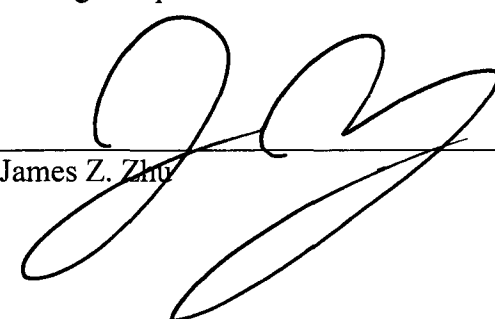
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Rex D. VanMiddlesworth  
State Bar No. 20449400  
Benjamin B. Hallmark  
State Bar No. 24069865  
James Z. Zhu  
State Bar No. 24102683  
98 San Jacinto Blvd., Suite 1900  
Austin, Texas 78701  
(512) 469.6100  
(512) 469.6180 (fax)

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 25<sup>th</sup> day of July, 2019 by facsimile, electronic mail and/or First Class, U.S. Mail, Postage Prepaid.



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James Z. Zhu

PUC DOCKET NO. 49737

APPLICATION OF SOUTHWESTERN §  
ELECTRIC POWER COMPANY FOR §  
CERTIFICATE OF CONVENIENCE § PUBLIC UTILITY COMMISSION  
AND NECESSITY AUTHORIZATION §  
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**TEXAS INDUSTRIAL ENERGY CONSUMERS'**  
**SECOND REQUEST FOR INFORMATION TO SWEPCO**

- TIEC 2-1** Please provide workpapers showing the derivation of the revenue requirement for each of the proposed wind facilities.
- TIEC 2-2** Please provide an NPV evaluation of the guarantees case assuming Low Gas, No CO2.
- TIEC 2-3** Would SWEPCO agree to not exclude curtailments from its energy production guarantee? If not, please explain why not.
- TIEC 2-4** Please explain why SWEPCO limited the RFP to build-own-transfer projects and did not request proposals for wind purchase power agreements (PPAs). Please provide all analyses, presentations, and internal correspondence regarding SWEPCO's decision to pursue build-own-transfer projects instead of PPAs.
- TIEC 2-5** Does SWEPCO agree that tax equity investors would be more likely to efficiently monetize the wind production tax credits (PTCs) generated by the proposed wind projects than AEP? If not, why not?
- TIEC 2-6** Has SWEPCO considered a structure that would more efficiently monetize the wind PTCs, such as the joint venture structure that Northern Indiana Public Service Company (NIPSCO) has proposed for its Rosewater Wind Project? If not, why not?
- TIEC 2-7** Please provide the NPV benefit analysis for the case where only 810 MW of the Traverse facility is approved.
- TIEC 2-8** Please provide all forecasts made in the last three years of the basis differential from Henry Hub to SWEPCO's plants.
- TIEC 2-9** Please explain why AEP believes that it is a reasonable assumption that congestion costs will not increase consistent with the increase in power prices after 2029.
- TIEC 2-10** Did AEP perform any analyses wherein it assumed that congestion costs will increase with power prices after 2029? If so, please provide any such analyses. If not, please explain why that is an unreasonable assumption.

- TIEC 2-11** Does AEP use a hurdle rate for any investment decisions outside of regulated utility planning? If yes, please provide those hurdle rates and the purposes for which they are used.
- TIEC 2-12** Does AEP use a spread option model for evaluating unregulated power opportunities, such as the 88 MW portion of the Turk Plant that is not in rate base? If so, please provide the forward gas prices, forward electric prices, and discount rates used in such modeling.
- TIEC 2-13** Please explain the basis of AEP's assumption that the proposed wind facilities will have a 30 year life. Please explain whether AEP is expecting to make capital expenditures for maintenance, such as blade replacement, during the life of the proposed wind facilities.
- TIEC 2-14** Please explain the basis of AEP's assumption in its economic evaluation of the wind projects that there will not be any degradation in wind output.
- TIEC 2-15** Will SWEPCO provide a guarantee on the amount of future capital expenditures and O&M expense for the wind facilities? If yes, please provide the level of guarantee that SWEPCO is willing to provide. If not, please explain why not.
- TIEC 2-16** What percentage of the NPV of the projected revenue requirement for the wind facilities is comprised of O&M expense and, separately, future capital expenditures?
- TIEC 2-17** Has SWEPCO undertaken any studies of the increased O&M expense from having to cycle its fossil fuel units as a result of having 26% of its energy needs provided by the wind facilities? If yes, please provide any such studies. If not, please explain why not.
- TIEC 2-18** Will SWEPCO provide a guarantee that its fossil fuel O&M expenses will not increase due to having to cycle its fossil fuel units as a result of the wind projects? If yes, please provide the level of guarantee that SWEPCO is willing to provide. If not, please explain why not.
- TIEC 2-19** Referring to SWEPCO's assumption that 25% of congestion can be eliminated from the cost/benefit analysis through the use of transmission credit rights (TCRs):
- a. Please explain how transmission congestion rights are provided and allocated in SPP.
  - b. How are congestion rents apportioned between loads and congestion rights holders in SPP?
  - c. Is there an opportunity cost associated with TCRs?
- TIEC 2-20** Please provide all investor presentations made in the last two years by AEP.
- TIEC 2-21** Please provide all presentations made to ratings agencies in the last two years by AEP.



- TIEC 2-22** Please provide all analyst reports on AEP stock from the last two years.
- TIEC 2-23** Please provide all documents from the last two years discussing AEP and SWEPCO executive compensation plans.
- TIEC 2-24** Please provide SWEPCO's capital spending plan with and without the wind projects.
- TIEC 2-25** Please provide SWEPCO's financial forecasts with and without the wind projects.
- TIEC 2-26** Has SWEPCO conducted an analysis of the cost of imputed debt if it purchases wind through PPAs instead of owning a similar amount of wind? If so, please provide any such analyses.
- TIEC 2-27** Has SWEPCO ever quantified the value of fuel diversity? If so, please provide any such quantifications. If not, how does SWEPCO evaluate how much and what type of fuel diversity it needs, and how much to spend on fuel diversity?
- TIEC 2-28** Please provide AEP's most recent estimates of the capital and O&M costs of: (1) generic wind projects in Oklahoma, (2) solar projects in the SWEPCO or PSO territory, and (3) new CCGT and SCGT facilities in the SWEPCO territory.
- TIEC 2-29** Did AEP ever run its calculated breakeven gas price through its PROMOD/Aurora/PLEXOS modeling to verify that the calculated breakeven gas price is correct?
- TIEC 2-30** Please provide all workpapers showing the modifications in power prices made between the PROMOD/Aurora/PLEXOS models for the Base Gas No CO2 and Low Gas No CO2 cases.
- TIEC 2-31** Referring to page 7 of the Direct Testimony of Akarsh Sheilendranath:
- a. Please provide the basis for the statement that average losses are approximately 50% of marginal losses in SPP.
  - b. Please explain the allocation of the refund of the amount between average losses and marginal losses.
- TIEC 2-32** Referring to page 12 of the Direct Testimony of Akarsh Sheilendranath, where Mr. Sheilendranath states that the "No Upgrade" case contains one upgrade for a line west of Tulsa, did AEP ever run a "No Upgrade" case without that upgrade? If so, please provide any such analyses. If not, please explain why this single upgrade should be assumed to be made in the "No Upgrade" case.
- TIEC 2-33** Please confirm that the congestion analysis is based on SPP ITP PROMOD runs. If not confirmed, please explain why not.
- TIEC 2-34** Referring to page 5 of the Direct Testimony of Kamran Ali, where Mr. Ali states that congestion and curtailment risk is understated by PROMOD. Please provide the basis for this statement and any studies which support it or quantify how much PROMOD understates congestion and curtailment risk.

**TIEC 2-35** Has SWEPCO purchased TCRs in the past? If so, how many and at what cost?