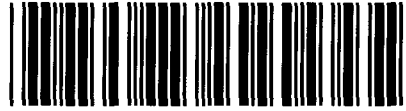




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DOCKET NO. 49737

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

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

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Filing Clerk
Public Utility Commission
of Texas

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO SOUTHWESTERN ELECTRIC POWER COMPANY (SWEPCO)
QUESTION NOS. STAFF 1-1 THROUGH 1-7**

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.

51.

Dated: August 19, 2019

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Karen S. Hubbard
Managing Attorney




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Rashmin.Asher@puc.texas.gov

DOCKET NO. 49737

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on August 19, 2019, in accordance with 16 TAC § 22.74.



Rashmin J. Asher

DOCKET NO. 49737

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO SOUTHWESTERN ELECTRIC POWER COMPANY (SWEPCO)
QUESTION NOS. STAFF 1-1 THROUGH 1-7**

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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**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO SOUTHWESTERN ELECTRIC POWER COMPANY (SWEPCO)
QUESTION NOS. STAFF 1-1 THROUGH 1-7**

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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**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO SOUTHWESTERN ELECTRIC POWER COMPANY (SWEPCO)
QUESTION NOS. STAFF 1-1 THROUGH 1-7**

Staff 1-1 Refer to the testimony of Mr. Multer at page 9, lines 10-12, which states, "AEP has prepared projections of the generation and utilization of tax credits, including PTCs produced from the Selected Wind Facilities, based on AEP and its subsidiaries' forecasted consolidated tax liabilities." Provide all assumptions (including taxable income) separately by affiliate used to generate Exhibit JJM-2 to the testimony of Mr. Multer.

Staff 1-2 Please reconcile the above-mentioned testimony of Mr. Multer (page 9 lines 10-12) with the following rebuttal testimony of Jeffrey B. Bartsch filed in Docket No. 40443 on behalf of SWEPCO:

As I explained, the federal income taxes in this proceeding should be based only on the revenues and expenses associated with providing electric service to customers. Since the costs that gave rise to the subsidiary losses were not included in cost of service and were not paid for by the customers, it is not appropriate to include the tax benefits or the time value of money related to these losses in cost of service by reducing federal income tax expense (Dkt. 40443 Bartsch rebuttal testimony at page 4, lines 16-22).

Specifically, if any of the PTCs are unutilized because of tax losses of SWEPCO's affiliates, why should deferred tax assets associated with those unutilized PTCs be used to increase SWEPCO's rate base?

Staff 1-3 Refer to Exhibit JJM-2 to the testimony of Mr. Multer. What is the projected utilization of PTCs by year on a separate SWEPCO (stand-alone) basis? In other words, what is the projected utilization of PTCs by year assuming that SWEPCO does not file its federal income tax return as part of the consolidated group?

Staff 1-4 Provide all instances (PUCT docket numbers) for which the Company is aware that the Commission has included (as deferred tax assets) the unutilized balance of tax credits (for example, the investment tax credit) in utility rate base. Provide separately those that were unutilized on a stand-alone basis and those that were unutilized because of the filing of a consolidated tax return. Please also note if a consolidated tax savings adjustment was included in each cited case for ratemaking purposes.

- Staff 1-5 Admit or Deny: Is it SWEPCO's contention that the unutilized PTCs are provided by shareholders?
- Staff 1-6 Please refer to the direct testimony of Mr. Multer at page 2, lines 16-19. Does the PTC that a taxpayer may claim for a given year equal the rate multiplied by the output of electricity "produced" or does the PTC equal the rate multiplied by the output of electricity "produced" and "sold"?
- Staff 1-7 If SWEPCO uses the 30-year life method of depreciation for tax purposes for the wind facilities, how does the projected utilization of the PTC's change over the life of the project as compared to SWEPCO's plan to classify the wind facilities as five-year property under MACRS for income tax purposes? Do any IRS regulations preclude the Company from using the 30-year life method? If so, please identify.