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

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

**SOUTHWESTERN ELECTRIC POWER COMPANY'S SUPPLEMENTAL RESPONSE TO  
TEXAS INDUSTRIAL ENERGY CONSUMERS' FIRST REQUEST FOR INFORMATION**

**SUPPLEMENTAL RESPONSE NOS. TIEC 1-11, TIEC 1-18 AND TIEC 1-19**

**AUGUST 29, 2019**

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**Files provided electronically on the PUC Interchange**

Bletzacker Errata\_2019H1\_LTF\_NoCO2\_Low\_Nominal\_2019-04-23 with SWEPCO Break-Even Calcs and Errata 8-19-2019.xlsx

Bletzacker Errata\_Henry Hub Benchmarks KRB 8-19-2019.xlsx

**SOAH DOCKET NO. 473-19-6862  
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**SOUTHWESTERN ELECTRIC POWER COMPANY'S SUPPLEMENTAL RESPONSE  
TO TEXAS INDUSTRIAL ENERGY CONSUMERS' FIRST REQUEST FOR  
INFORMATION**

**Question No. 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.

**Response No. TIEC 1-11:**

As discussed at pages 20 and 21 of his direct testimony, Company witness Torpey provided the Company-specific break-even SPP Central electric power prices. Break-even power prices were divided by the Low No Carbon Case's implied heat rate to yield the analogous break-even natural gas price. At this time, however, the Company is reviewing a portion of its analysis which may lead to an updated/supplemental response to this request as well as supplemental workpapers for Company witness Bletzacker's gas break-even analysis.

**Supplemental Response No. TIEC 1-11:**

On August 23, 2019 the Company filed errata testimony and workpapers in this docket. The errata workpapers include Company witness Bletzacker's gas break-even calculation. The workpapers are provided electronically on the PUC Interchange as Bletzacker Errata\_2019H1\_LTF\_NoCO2\_Low\_Nominal\_2019-04-23 with SWEPCO Break-Even Calcs and Errata 8-19-2019.xlsx and Bletzacker Errata\_Henry Hub Benchmarks KRB 8-19-2019.xlsx

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TO TEXAS INDUSTRIAL ENERGY CONSUMERS' FIRST REQUEST FOR  
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**Question No. 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.

**Response No. TIEC 1-18:**

AEP did prepare cases under three different fundamentals forecasts for PSO, which were included in its filing in Oklahoma in which it acquired 1,000MW comprised of 100% of the Traverse facility. This capacity level matched the desired level of wind capacity identified in PSO's IRP and in its RFP. At this time, however, the Company is reviewing a portion of its analysis which may lead to an updated/supplemental response to this request as well as supplemental workpapers for Company witness Torpey's economic benefit analysis.

**Supplemental Response No. TIEC 1-18:**

See the supplemental response to TIEC 2-7 in which the Company prepared an analysis of SWEPCO receiving 810 MW from only the Traverse facility. In addition, the results of the analysis prepared for PSO whereby it would acquire all 1000 MW of Traverse are presented in the workpapers prepared in support of the Company's errata filing, which have been provided in the supplemental response to TIEC 1-19.

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**Question No. 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.

**Response No. TIEC 1-19:**

Portions of the information responsive to this request are CONFIDENTIAL under the terms of the Protective Order. The Confidential information is available for review at the Austin offices of American Electric Power Company (AEP), 400 West 15<sup>th</sup> Street, Suite 1520, Austin, Texas, 78701, (512) 481-4562 during normal business hours.

At this time, the Company is reviewing a portion of its analysis which may lead to an updated/supplemental response to this request as well as new workpapers for Company witness Torpey's economic benefit analysis.

See Confidential Attachment 2 to this response for the confidential workpapers supporting the project screening analysis results presented in his Confidential Exhibit JFT-2.

- a. Henry Hub prices are provided in TIEC\_1\_019\_Attachment\_3.xlsx. The delivered gas prices used in Mr. Torpey's analysis are currently being reviewed and are not available. This review may lead to an updated/supplemental response to this request as well as new workpapers for Company witness Torpey.

- b. TIEC\_1\_019\_Confidential\_Attachment\_5.xlsx provides dispatch coal prices (i.e., excluding fixed costs) and accounting coal prices (i.e., including fixed costs).
- c. Expansion and retirement plans are provided in TIEC\_1\_019\_Attachment\_6.xlsx. Unit data used in Mr. Torpey's analysis is being reviewed and is currently not available. This review may lead to an updated/supplemental response to this request as well as new workpapers for Company witness Torpey.
- d. See TIEC\_1\_019\_Attachment\_8.xlsx.
- e. See TIEC\_1\_019\_Attachment\_9.xlsx.
- f & g. This information is currently not available. The Company is reviewing a portion of its analysis which may lead to an updated/supplemental response to this request as well as new workpapers for Company witness Torpey's economic benefit analysis.
- h. Capital expense is not a variable cost of production and was not modeled in the PLEXOS analysis in this proceeding for units other than the wind facilities. Capital and fixed O&M (see item i) were input in witness Torpey's revenue requirement calculations on the Inputs worksheet of the file "AEP Witness Torpey Benefits Model Final" which can be found as item number 5 in this docket on the PUCT interchange.
- i. See item h. Fixed O&M is not a variable cost of production and was not modeled in the PLEXOS analysis in this proceeding for units other than the wind facilities. Variable O&M used in Mr. Torpey's analysis is being reviewed and is currently not available. This review may lead to an updated/supplemental response to this request as well as new workpapers for Company witness Torpey.
- j. The requested information is currently being reviewed and is not available. This review may lead to an updated/supplemental response to this request as well as new workpapers for Company witness Torpey.
- k. The requested values can be found in "Summary Preliminary Customer Savings Plan GenTie\_HoldCongestG BASE 041219.xlsx" provided in "TIEC\_1\_19\_Confidential\_Attachment\_2\_Ex\_JFT-2\_Workpapers.zip."
- l. See the screening analysis provided in "TIEC\_1\_19\_Confidential\_Attachment\_2\_Ex\_JFT-2\_Workpapers.zip," which shows the estimated costs per MWh of all the facilities based on information available during the screening phase. The facilities were not modeled individually once the screening process was completed and these three projects were selected for analysis of the customer benefits as a combined portfolio.

Attachments 3, 6, 8 and 9 are provided via the attached flash drive.

**Supplemental Response No. TIEC 1-19:**

During the process of preparing discovery responses the Company found an error in the reservation fee and transportation components of the cost of gas used as fuel for its gas-fired generation resources, which impacted the customer benefits analyses, resulting in an errata filing on August 23, 2019. Responses to items b,c,d,e,h,i,k, and l of this request and all of the

attachments submitted with the original response to this question were not impacted and therefore are not being supplemented.

See TIEC\_1\_19\_Supplemental\_Attachment 1 provided via the attached flash drive for witness Torpey's non-confidential workpapers. This attachment includes the customer benefits model supporting the errata testimony and exhibits JFT-3 and JFT-4 of Company witness Torpey, the PLEXOS output files for the various cases, and his Figure 1.

- a. See TIEC\_1\_019\_SUPPLEMENTAL\_Confidential\_Attachment\_4.xlsx for the delivered gas prices.
- c. See also Exhibit B in the 2018 SWEPCO IRP provided in Witness Torpey's Direct Testimony as Exhibit JFT-1.
- f. and g. See TIEC\_1\_019\_SUPPLEMENTAL\_Confidential\_Attachment\_7.xlsx for the requested information.
- j. This requested information is provided for all cases in the PLEXOS files located in the NPC folders within TIEC\_1\_19\_Supplemental\_Attachment\_1.

Supplemental attachments 4 and 7 responsive to this request are CONFIDENTIAL under the terms of the Protective Order. The Confidential information is available for review at the Austin offices of American Electric Power Company (AEP), 400 West 15<sup>th</sup> Street, Suite 1520, Austin, Texas, 78701, (512) 481-4562, during normal business hours.

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