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SOAH DOCKET NO. 423-21-0538  
PUC DOCKET NO. 51415

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APPLICATION OF SOUTHWESTERN §  
ELECTRIC POWER COMPANY FOR §  
AUTHORITY TO CHANGE RATES §

BEFORE THE STATE OFFICE  
OF  
ADMINISTRATIVE HEARINGS

PUBLIC UTILITY COMMISSION

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF  
PUBLIC UTILITY COUNSEL'S SIXTH REQUEST FOR INFORMATION**

**JANUARY 20, 2021**

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**Question No. OPUC 6-1:**

Please refer to SWEPCO's Response to Staff RFI No. 5-27. Please provide an explanation for the 3.61% increase in base payroll for SWEPCO employees as of October 30, 2020, when compared to the test year per books. Please include in your response an explanation of why the annualized payroll on October 30, 2020 reflects a pay increase that is over 25% greater than the base pay increase proposed by the Company in the filing.

**Response No. OPUC 6-1:**

The 3.0% base pay increase for merit eligible employees proposed by the Company in its filing inadvertently left out an additional 0.5% equity adjustment and line of progression promotional increase budget. Similarly, the 2.5% general increase for physical and craft employees proposed by the Company in its filing inadvertently left out an additional 0.5% market equity adjustment and a 0.5% geographic wage equalization adjustment each of which was focused on specific positions. Additional differences are likely attributable to opportunity promotions, physical and craft employees qualifying for higher jobs (e.g. Line Mechanic B to A), physical and craft employees qualifying for higher steps (e.g. Line Mechanic B, step 1 to step 2) pay, and step-up pay (employees taking on a higher paid role temporarily).

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**Question No. OPUC 6-2:**

Please refer to SWEPCO's Responses to Staff RFI Nos. 5-24 and 5-27. Please admit or deny that the annualized base pay charged from AEPSC to SWEPCO represents the number of AEPSC employees after the departure of those who accepted the retirement incentive package offered by the Company. If deny, please provide an annualization of base payroll after the final departure of employees who accepted the retirement incentive package when available from the Company.

**Response No. OPUC 6-2:**

Deny. Please refer to filed response to CARD 4-10 for discussion about employee participation in the retirement incentive which notes that positions are subject to back filling while other participating employees have not yet departed and their replacement decisions are not yet finalized. Annualization of base payroll after the final departure of employees who accepted the retirement incentive package cannot be done until all employees have departed and decisions on backfilling have been finalized for each of these positions.

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**Question No. OPUC 6-3:**

Please refer to SWEPCO's Response to Staff RFI No. 5-29. Regarding the 2020 incentive compensation plan, please respond to the following:

- a. Has the incentive compensation for 2020 been awarded? If not, when will the awards be given to the Company's employees?
- b. Is the 2020 incentive compensation amount included in the Company's adjustment based on monthly accruals and not the actual incentive compensation awarded to employees? If based on accruals, at what percentage award relative to target percentages do the accruals represent?
- c. Please provide copies of any communications from the Company's Board of Directors related to any changes in the "trigger" for the 2020 incentive compensation payouts.

**Response No. OPUC 6-3:**

- a. No, the payment of 2020 STI awards has been scheduled for March 5, 2021, which is in accordance with AEP standard process.
- b. Incentive compensation is accrued monthly and trued up each month to the Company's then current estimate of the amount to be paid. As of November 30, 2020 the Company's estimated payout was 85% of the target level, so the accrual was trued up to 11/12th of 85% of target.
- c. No changes have been made to the trigger for 2020 short-term incentive compensation payouts, which is AEP operating earnings per share of at least \$4.25 for 2020, which, at present, we fully expect to achieve.

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