



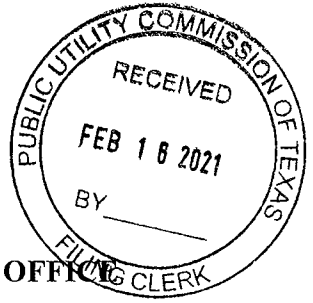
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SOAH DOCKET NO. 423-21-0538
PUC DOCKET NO. 51415



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

BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

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

FEBRUARY 16, 2021

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

Question No. OPUC 8-1:

Please refer to SWEPCO's response to OPUC RFI No. 6-1, sponsored by Mr. Andrew Carlin. Please provide a detailed description of the "0.5% equity adjustment" given to non-union employees. Please include in your response the percentage of the 0.5% that is for the equity adjustment and the percentage that is for progression promotional increase.

Response No. OPUC 8-1:

The instructions to managers on the allocation of the 0.5% combined budget for line of progression promotions and equity adjustments were as follows:

"Promotion/Equity Increases – Promotion and equity budget is 0.5%. These dollars will be used for promotions into new roles in higher grades, or for equity adjustments when pay is unjustifiably low relative to internal peers or external market. Promotion/equity dollars cannot be used to supplement the merit budget; please enter a merit increase for an employee before entering a promotion or equity adjustment."

Since line of progression promotions and equity adjustments both address a specific situation that may or may not have existed in any given department, a combined budget was provided for both types of pay increases and the portion to be used for each type was not specified. Given the relative rarity of these types of increases, the portion used for each type, if any, varied considerably by department.

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Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
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Question No. OPUC 8-2:

Please refer to SWEPCO's response to OPUC RFI No. 6-1, sponsored by Mr. Andrew Carlin. Please provide a detailed description of the "0.5% equity adjustment" and the "0.5% geographic wage equalization adjustment" given to union employees.

Response No. OPUC 8-2:

The 0.5% equity adjustment and 0.5% geographic wage equalization adjustment budgets were part of the total 3.5% wage increase budget collectively bargained with AEP's unions. AEP conducts internal pay equity analysis and external market compensation reviews. Based on both the bargaining positions of AEP's unions and these reviews, the 3-year contract for 2018, 2019 and 2020 included a 2.5% general increase annually for all classifications and combined 1.0% adjustment for geographic wage equalization across AEP's footprint and for market equity adjustments to close the wage gap with the external market competitive wages. This 1% adjustment was not applied equally to all classifications, but, instead, was targeted to job classifications with lower wages relative to other AEP locations and/or lower wages compared to market wage data. No job classification was increased to wages rates above the market median for that job classification.

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
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Question No. OPUC 8-3:

Please refer to SWEPCO's response to OPUC RFI No. 6-2, sponsored by Mr. Brian Frantz and Mr. Andrew Carlin. Please provide the amount of the annualized payroll that is included in SWEPCO's responses to Staff RFI Nos. 5-24 and 5-27 for each of the employees who accepted the retirement incentive package.

Response No. OPUC 8-3:

The annualized payroll expense included in SWEPCO's response to OPUC RFI No. 5-27 is not tracked for individual employees, therefore, the Company has not determined the amounts included in this response related to those employees who accepted the retirement incentive package.

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