



Control Number: 51415



Item Number: 223

Addendum StartPage: 0

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

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APPLICATION OF SOUTHWESTERN
ELECTRIC POWER COMPANY FOR
AUTHORITY TO CHANGE RATES

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BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

WEST VIRGINIA PUBLIC SERVICE COMMISSION
FILING CLERK

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S THIRTEENTH REQUEST FOR INFORMATION**

MARCH 2, 2021

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- 📎 Staff_13-1_Attachment_1_Plant_Reconciliation.xlsx
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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S THIRTEENTH REQUEST FOR INFORMATION**

Question No. STAFF 13-1:

Refer to the response to Staff 5-16, Attachment 1, page 3 of 4. Please provide a reconciliation of the NBV amount of \$6,459,133,100 shown in the "Total" column for the calendar year 2019 balances as of 1/1/2019 to the \$6,315,734,314 amount provided in the column titled "January 1, 2019 Net Electric Plant Subject to Ad Valorem Tax" at Attachment 1 of SWEPCO's response to Staff 5-22.

Response No. STAFF 13-1:

Please see Staff 13-1 Attachment 1 Plant Reconciliation for the reconciliation of the amounts reported in responses Staff 5-16 c) and Staff 5-22.

Prepared By: James D. Spring

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

| | |
|---|---------------------------------|
| 1010001 Plant in Service | 8,822,227,315 |
| 1010006 Dolet Hills FAS 143 ARO Asset | 41,520,825 |
| 1011001 Capital Leases | 46,439,145 |
| 1011006 Prov-Leased Assets | (20,762,078) |
| 1011012 Accrued Capital Leases | 164,893 |
| 1020001 Plant Purchd or Sold | 64,005 |
| 1050001 Held For Fut Use | 1,291,835 |
| 1060001 Const Not Classifd | 364,639,272 |
| 1140001 Plant Acquisition Adj | 18,043,976 |
| 1070001 CWIP - Project | 194,666,171 |
| 1080001 A/P for Deprec of Plt | (2,557,733,343) |
| 1080005 RWIP - Project Detail | 12,724,514 |
| 1080011 Cost of Removal Reserve | (444,907,525) |
| 1080012 Dolet Hills FAS 143 ARO Deprec | (7,576,601) |
| 1080013 ARO Removal Deprec - Accretion | 7,075,415 |
| 1080155 Unrecovered Plant | 50,276,784 |
| 1110001 A/P for Amort of Plt | (50,977,524) |
| 1150001 Amrtz of Plt Acqt Adj | (18,043,976) |
| Response to Staff 5-16 c) | <u>6,459,133,102</u> |
| 1160007 OthElecPltAdjTurkImprmnt-EPIS | (58,411,747) |
| 1160008 TurkAFUDCReverseTXCap-EPIS | (1,313,077) |
| 1160009 AmortTurkImprmnt&AFUDCReversal | 6,546,228 |
| 1160012 Turk Imprmnt-AuxBoiler | (18,500,000) |
| 1160013 Turk Imprmnt-AuxBoiler Amort | 2,138,096 |
| 1160016 TX Trans Veg Mgmt Cost Wrteoff | (1,543,539) |
| 1160017 TX Distr Veg Mgmt Cost Wrteoff | (4,103,577) |
| 1160018 TX Dist Veg Mgt WriteOff Amort | 356,359 |
| 1160019 TX Tran Veg Mgt WriteOff Amort | 71,836 |
| 1160020 TX Trans Costs - SERP | (159,866) |
| 1160021 TX Distr Costs - SERP | (48,245) |
| 1160022 TX Gen Costs - SERP | (299,406) |
| 1160023 TX CWIP FinBased Incen - Trans | (1,892,898) |
| 1160024 TX CWIP FinBased Incen - Distr | (2,264,369) |
| 1160025 TX CWIP FinBased Incen - Gen | (2,574,754) |
| 1160026 TX RWIP FinBased Incen - Trans | (65,228) |
| 1160027 TX RWIP FinBased Incen - Distr | (96,563) |
| 1160028 TX RWIP FinBased Incen - Gen | (96,013) |
| Less Texas Net Plant Disallowances | <u>(82,256,763)</u> |
| 1010006 Dolet Hills FAS 143 ARO Asset | (41,520,825) |
| 1011001 Capital Leases | (46,439,145) |
| 1011006 Prov-Leased Assets | 20,762,078 |
| 1011012 Accrued Capital Leases | (164,893) |
| 1020001 Plant Purchd or Sold | (64,005) |
| 1050001 Held For Fut Use | (1,291,835) |
| 1080012 Dolet Hills FAS 143 ARO Deprec | 7,576,601 |
| Less Other Accounts not Utilized in Staff Response 5-22 | <u>(61,142,024)</u> |
| Total Amount from W/P 3.13-1 | <u><u>6,315,734,314</u></u> |

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
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Question No. STAFF 13-2:

Refer to the response to Staff 5-16, Attachment 1, page 3 of 4 Please provide a detailed explanation and justification for why M&S and fuel are included in the response to this question (that asked for the net book values upon which ad valorem taxes are assessed) but are not included in the calculation of ad valorem taxes at WP A-3.13.1 (Ad Valorem).

Response No. STAFF 13-2:

The response to Staff 5-16, Attachment 1, page 3 of 4 was a direct response to a tax question asking specifically about the net book values upon which ad valorem taxes are assessed, which is not the same for all of SWEPCO's jurisdictions. The Company's methodology in WP A-3.13.1 is limited to determining an effective ad valorem tax rate based on historical data to be applied to the same type of test year end data. This methodology results in a reasonable synchronized adjusted test year ad valorem tax expense for determining prospective base rates. This is confirmed by Staff 13-2 Attachment 1 that provides ad valorem tax expense recorded over the last three years which show a steady increase in ad valorem taxes year over year.

The 2020 tax year ad valorem tax expense of \$65,519,865 was an increase over the 2019 tax year ad valorem expense of \$3,043,231. The requested ad valorem expense of \$67,464,506 (WP A-3.13.1) is an increase of \$1,944,641 over the 2020 tax year ad valorem expense. The test year ad valorem expense in Docket No. 46449 was \$52,942,887, the test year ad valorem expense in this test year was \$62,415,506 an increase of \$9,472,619, when that increase is averaged over 4 years it would be an annual increase in ad valorem expense of more than \$2.3m. The requested increase in ad valorem tax expense on WP A-3.13.1 is reasonable. See Staff 13-2 Attachment 1 for the ad valorem tax expense recorded by year.

Prepared By: James D. Spring

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

| Sum of Debit / (Credit) Account | Jurisdiction | Year | | | |
|------------------------------------|--------------|------------|------------|------------|------------|
| | | 2017 | 2018 | 2019 | 2020 |
| 408100516 | | 64,608 | | | |
| | AR | 199,572 | | | |
| | LA | (157,503) | | | |
| | TX | 22,539 | | | |
| 408100517 | | 60,912,657 | (289,899) | 125,516 | 125,516 |
| | AR | 14,951,750 | 180,378 | | |
| | LA | 22,864,704 | 125,521 | 125,516 | 125,516 |
| | OK | 416,673 | (183) | | |
| | TX | 22,679,530 | (595,616) | | |
| 408100518 | | | 61,415,151 | (77,735) | |
| | AR | | 14,741,710 | (102,520) | |
| | LA | | 25,299,390 | | |
| | OK | | 446,464 | (198) | |
| | TX | | 20,927,588 | 24,983 | |
| 408100519 | | | | 62,428,853 | (167,126) |
| | AR | | | 15,748,850 | 44,360 |
| | LA | | | 26,009,149 | |
| | OK | | | 465,914 | - |
| | TX | | | 20,204,940 | (211,486) |
| 408100520 | | | | | 65,561,475 |
| | AR | | | | 16,175,980 |
| | LA | | | | 28,053,469 |
| | OK | | | | 449,538 |
| | TX | | | | 20,882,488 |
| Grand Total | | 60,977,264 | 61,125,252 | 62,476,634 | 65,519,865 |