



Control Number: 51415



Item Number: 229

Addendum StartPage: 0

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

RECEIVED  
2021 MAR -4 PM 3:29

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 TEXAS  
INDUSTRIAL ENERGY CONSUMERS' SEVENTH SET OF REQUESTS FOR  
INFORMATION**

**MARCH 4, 2021**

**TABLE OF CONTENTS**

<b><u>SECTION</u></b>	<b><u>FILE NAME</u></b>	<b><u>PAGE</u></b>
Response No. TIEC 7-1	51415 TIEC07 Pkg.pdf.....	2
Attachment 1 No. TIEC 7-1	51415 TIEC07 Pkg.pdf.....	4
Response No. TIEC 7-2	51415 TIEC07 Pkg.pdf.....	5
Attachment 1 No. TIEC 7-2	51415 TIEC07 Pkg.pdf.....	6
Response No. TIEC 7-3	51415 TIEC07 Pkg.pdf.....	8
Response No. TIEC 7-4	51415 TIEC07 Pkg.pdf.....	9
Attachment 1 No. TIEC 7-4	51415 TIEC07 Pkg.pdf.....	10
Response No. TIEC 7-5	51415 TIEC07 Pkg.pdf.....	17
Response No. TIEC 7-6	51415 TIEC07 Pkg.pdf.....	18

**Files provided electronically on the PUC Interchange**

-  TIEC\_7-1\_Attachment\_1\_(Prepayment\_Detail).xlsx
-  TIEC\_7-4\_Attachment\_1\_Welsh\_Unit\_2\_Texas\_Write-Off.xlsx

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

**SOUTHWESTERN ELECTRIC POWER COMPANY’S RESPONSE TO TEXAS  
INDUSTRIAL ENERGY CONSUMERS’ SEVENTH SET OF REQUESTS FOR  
INFORMATION**

**Question No. TIEC 7-1:**

Referring to Schedule P-1:

- a. Please separate the costs included in Insurance/MISC/AR FAC into each discrete component. Please explain the rationale for allocating all of these costs to the customer classes using rate base.
- b. Please explain the nature of the Fuel Related Prepayments.
- c. Please explain in detail the nature of the Major Acct Rep expense (FERC Account 908) and provide supporting workpapers that explain how these expenses were determined, what specific activities are included, and the reasons for allocating these expenses to commercial and industrial customers only.
- d. Please explain why SWEPCO did not remove commercial and industrial customers from the allocations of the Customer Assistance expenses booked to FERC Account 908 that are not related to Major Acct Rep expenses and other Customer Information expenses.

**Response No. TIEC 7-1:**

- a. SWEPCO’s original filing incorrectly classified the components of prepayments included in rate base on Schedule P-1. Additionally, the line item “Insurance/MISC/AR FAC” should read “Misc & Other Prepayments/AR FAC”. Below are the filed prepayment components and the revised prepayment components. The allocation of prepayments to jurisdictions and classes reflects the underlying prepaid item. Please see TIEC 7-1 Attachment 1 (Prepayment Detail) for the discrete components of each prepayment classification.

<u>Description</u>	<u>Filed</u>		<u>Revised</u>	
	<u>Allocator</u>	<u>Amount</u>	<u>Allocator</u>	<u>Amount</u>
Pension	Labor	\$83,452,444	Labor	\$83,452,444
Insurance/Misc/AR FAC (Misc & Other Prepayments/AR FAC)	RBX	\$85,398,469	RBX	\$8,359,933
Fuel				
Related	Energy	\$12,042,658	Energy	\$4,372,377
Plant	Plant	<del>\$(80,292,164)</del>	Plant	<del>\$4,416,653</del>
Total		\$ 100,601,407		\$100,601,407

- b. The fuel related prepayments (allocated on energy) include: Account 1650017 (Prepayments required under coal contracts or purchase orders) and Account 1650029 (Prepayments for wetland mitigation credits that will be required in connection with future mining operations).
- c. The nature of the Major Account Rep expense is for providing customer service and assistance to SWEPCO's large commercial and industrial customers. These customers are typically assigned an account manager that interfaces with them for assistance on their energy needs. FERC Account 908 is where the majority of their time is captured. For the test year this amount was \$647,147. The reason for allocating to Commercial and Industrial customers was established in PUCT Docket No. 46449. The Commission has also ordered direct assignment to Industrial and Commercial customers of similar ETI affiliate expenses and SPS major account representative costs in docket numbers 39896 and 43695 respectively.
- d. After a review of account 908 there were some other labor charges included in the original \$293,138 direct assignment to the Commercial and Industrial classes. SWEPCO has identified the Major Account Rep expenses for 908 by jurisdiction and will file in their rebuttal case the direct assignment of managed accounts for each jurisdiction with the remaining balance of 908 being allocated to a customer allocator excluding those commercial and industrial customers. Below is a table of the direct assignment amounts by jurisdiction for the Managed Account 908 expenses.

Managed Account 908 - Expense	
Ark	\$104,287
La	\$301,812
Tx	<u>\$ 241,048</u>
Total	\$ 647,147

Managed	Accounts No.
Ark	840
La	2431
Tx	<u>3079</u>
	6350

Prepared By: Earlyne T. Reynolds

Title: Reg Pricing & Analysis Mgr

Sponsored By: John O. Aaron

Title: Dir Reg Pricing & Analysis

SOUTHWESTERN ELECTRIC POWER COMPANY  
Detail of Prepayments  
For the Test Year Ended March 31, 202C

Description	Account	13-Month		Classification	
		Amount	Average	Filed	Revised
<b>Prepayments</b>					
Prepaid Insurance	1650001	1,088,667		RBX	Plant
Prepaid Taxes	165000219	372,856		Plant	RBX
Prepaid Taxes	165000220	105,238		Plant	RBX
Prepaid Employee Benefits	1650005	0		Plant	Labor
Other Prepayments	1650006	7,670,281		Energy	RBX
Prepaid Carry Cost-Factored AR	1650009	165,952		Plant	RBX
Prepaid Pension Benefits	1650010	82,434,843		RBX	Labor
Prepaid Sales Taxes	165001118	0		Plant	Plant
Prepaid Sales Taxes	165001119	1,029,960		Plant	Plant
Prepaid Sales Taxes	165001120	269,329		Plant	Plant
Prepaid Use Taxes	165001218	0		Plant	Plant
Prepaid Use Taxes	165001219	3,523		Plant	Plant
Prepaid Use Taxes	165001220	1,411		Plant	Plant
Prepaid Local Franchise Taxes	165001318	(132)		Plant	RBX
Prepaid Local Franchise Taxes	165001319	35,792		Plant	RBX
Prepaid Local Franchise Taxes	165001320	9,946		Plant	RBX
FAS 158 Qual Contra Asset	1650014	(82,434,843)		Plant	Labor
Prepayment - Coal	1650017	4,072,377		Energy	Energy
Affl Trans Intercon Providers	1650018	0		Plant	RBX
Prepaid Insurance - EIS	1650021	1,874,959		RBX	Plant
Prepaid Lease	1650023	148,804		Plant	Plant
Future Wetlands Credits L-T	1650029	300,000		ENERGY	Energy
PRW Without MED-D Benefits	1650035	37,961,213		Labor	Labor
FAS158 Contra-PRW Exclud Med-D	1650037	(37,961,213)		Labor	Labor
Pension Prepayment Asset (B-1 5 8)		54,668,633		Labor	Labor
Post Retirement Welfare - excl Med D Subsidy (B-1 5 8)		28,783,811		Labor	Labor
Proforma Prepayment Balance		<u>100,601,407</u>			

Description	Filed		Revised	
	Allocator	Amount	Allocator	Amount
Pension	Labor	83,452,444	Labor	83,452,444
Insurance/Misc/AR FAC (Misc & Other Prepayments/AR FAC)	RBX	85,398,469	RBX	8,359,933
Fuel Related	Energy	12,042,658	Energy	4,372,377
Plant	Plant	(80,292,164)	Plant	4,416,653
		<u>100,601,407</u>		<u>100,601,407</u>

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

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO TEXAS  
INDUSTRIAL ENERGY CONSUMERS' SEVENTH SET OF REQUESTS FOR  
INFORMATION**

**Question No. TIEC 7-2:**

Please provide a schedule showing the history of bad debt expense by customer class for the period 2015 through 2019.

**Response No. TIEC 7-2:**

SWEPSCO's accounts receivable are purchased and securitized by AEP Credit. Upon purchase of the accounts receivable, the identity by customer class is no longer maintained, therefore bad-debt expense can't be identified by class. See TIEC 7-2 Attachment 1 for the total bad debt expense for 2015 through 2019.

Prepared By: Monica R. Parker

Title: Dir Accounting

Sponsored By: Renee V. Hawkins

Title: Mng Dir Corporate Finance

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Southwestern Electric Power Company  
Total Company Bad Debts Expense - 2015- 2019

<b>Sum of Amount</b>	<b>Column Labels</b>			
<b>Row Labels</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Bad Debt Exp	4,152,977.75	3,639,704.68	3,386,234.30	3,539,341.67
(blank)				
<b>Grand Total</b>	<b>4,152,977.75</b>	<b>3,639,704.68</b>	<b>3,386,234.30</b>	<b>3,539,341.67</b>

**2019 Grand Total**

4,628,437.95                      19,346,696.35

**4,628,437.95                      19,346,696.35**



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

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO TEXAS  
INDUSTRIAL ENERGY CONSUMERS' SEVENTH SET OF REQUESTS FOR  
INFORMATION**

**Question No. TIEC 7-3:**

Please state whether SWEPCO experienced any bad debt expense from Large Lighting and Power customers for the period 2015 through 2019.

**Response No. TIEC 7-3:**

Please see response to question 7-2. SWEPCO does not maintain the history of bad debt by customer class.

Prepared By: Monica R. Parker

Title: Dir Accounting

Sponsored By: Renee V. Hawkins

Title: Mng Dir Corporate Finance

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

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

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO TEXAS  
INDUSTRIAL ENERGY CONSUMERS' SEVENTH SET OF REQUESTS FOR  
INFORMATION**

**Question No. TIEC 7-4:**

Regarding SWEPCO's response to Staff 5-64, please provide the details of Adjustment A-3.8 regarding the amortization of Welsh Unit 2, including the write-off portion.

**Response No. TIEC 7-4:**

The details of Adjustment A-3.8 regarding the amortization of Welsh Unit 2 can be found at electronically filed WP A-3.8 (Amort Adj).xlsx "Detail 4073" tab.

Adjustment A-3.8 increases the book amortization to the amount approved by the Commission in Docket No. 46449. It takes the Commission approved Total Company amount of \$3,142,658 (Commission Number Run – Based on December 14, 2017 Open Meeting Discussion) and subtracts the book amount of \$507,598 (Electronic WP A 3.8 – Tab Detail 4073) which results in the Total Company adjustment of \$2,635,060 shown on WP A-3.8 (Amortization Adj) – Line 2. Thus, when you take the book amount of \$507,598 and add the adjustment of \$2,635,060 the amount included in Total Company cost of service is the Texas Commission approved amount of \$3,142,658 from the Docket No. 46449 Commission Number Runs. Please see TIEC 7-4 Electronic Attachment 1 for the Texas amount written off as a result of the Commission's decision in Docket No. 46449.

Prepared By: Tiffany A. Powell Day

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Federal Income Tax Rate	21.0%
State Income Tax Rate	0.3%
Combined Rate assuming Federal deduction for State	21.2%

Incremental Borrowing Rate (Annual)	3.61%
Incremental Borrowing Rate (Monthly)	0.30%
Incremental Borrowing Rate after Tax (Annual)	2.84%
Incremental Borrowing Rate after Tax (Monthly)	0.24%

<b>Welsh Unit 2</b>	
Amounts related to Welsh Unit 2 (All Jurisdictions)	
NBV of Welsh Unit 2 - PPE	75,420,280.72
Federal Accum. Deferred Income Taxes	(15,838,258.95)
State Accum. Deferred Income Taxes	(223,885.10)
FAS 109 Regulatory Asset - Acct 182 3xxx	
Federal ADITs related to FAS 109 Reg Asset	
State ADITs related to FAS 109 Reg Asset	
Total amounts related to Welsh Unit 2	59,358,136.67
Present Value of Future Cash Flows	42,140,706.04
<b>(Loss) net of related income taxes</b>	<b>(17,217,430.63)</b>

Texas Retail %	33.34%
----------------	--------

Retirement Regulatory Asset 25,143,497.04

Year	Period	Welsh Unit 2 Depreciation	PV of Cashflows
2017	1	1,353,442.86	1,340,705.42
2018	2	2,320,187.75	2,247,302.68
2019	3	2,320,187.75	2,184,375.52
2020	4	2,320,187.75	2,123,210.39
2021	5	2,320,187.75	2,063,757.95
2022	6	2,320,187.75	2,005,970.26
2023	7	2,320,187.75	1,949,800.69
2024	8	2,320,187.75	1,895,203.94
2025	9	2,320,187.75	1,842,135.96
2026	10	2,320,187.75	1,790,553.94
2027	11	2,320,187.75	1,740,416.29
2028	12	2,320,187.75	1,691,682.55
2029	13	2,320,187.75	1,644,313.41
2030	14	2,320,187.75	1,598,270.67
2031	15	2,320,187.75	1,553,517.18
2032	16	2,320,187.75	1,510,016.83
2033	17	2,320,187.75	1,467,734.55
2034	18	2,320,187.75	1,426,636.23
2035	19	2,320,187.75	1,386,688.71
2036	20	2,320,187.75	1,347,859.76
2037	21	2,320,187.75	1,310,118.08
2038	22	2,320,187.75	1,273,433.20
2039	23	2,320,187.75	1,237,775.55
2040	24	2,320,187.75	1,203,116.35
2041	25	2,320,187.75	1,169,427.65
2042	26	2,320,187.75	1,136,682.28
		<b>59,358,136.67</b>	<b>42,140,706.04</b>

	Gross Investment	ADIT	Net
<b>SWEPCo Total:</b>			
Balances before loss recognition	75,420,280.72	(16,062,144.05)	59,358,136.67
Loss to be recognized	(21,859,104.74)	4,641,674.11	(17,217,430.63)
Balances after loss recognition	53,561,175.98	(11,420,469.95)	42,140,706.04
<b>Texas Retail Portion:</b>			
Balances before loss recognition	25,143,497.04	(5,354,772.85)	19,788,724.19
Loss to be recognized	(7,287,354.67)	1,547,434.17	(5,739,920.51)
Balances after loss recognition	17,856,142.37	(3,807,338.68)	14,048,803.68
<b>Pretax loss Texas Retail %</b>	<b>(7,287,354.67)</b>		

Texas Retail Share Only

Incremental Borrowing Rate (Annual)	3.61%
Incremental Borrowing Rate (Monthly)	0.30%
Incremental Borrowing Rate after Tax (Annual)	2.843%
Incremental Borrowing Rate after Tax (Monthly)	0.24%

<b>Welsh Unit 2</b>	
NBV of Welsh Unit 2	59,358,136.67

Year	Period	Welsh Unit 2			Beginning of Month				Amortization of Gross Investment	Amortization of Retirement Investment	Amortization of FAS 109 Reg Asset	Income Tax Expense	Payment of Def Income Tax Liability
		Depreciation	PV of Cashflows	Annual PV	Gross Investment	FAS 109 Reg Asset	Income Tax Liability	Net Investment					
2017	1	193,348.98	192,891.92		17,856,142.37	-	3,807,338.68	14,048,803.68	42,263.48	39,637.16	39,637.16	8,974.44	8,467.81
2017	2	193,348.98	192,435.93		17,816,505.21	-	3,798,870.87	14,017,634.34	42,169.72	39,730.93	39,730.93	8,954.53	8,487.72
2017	3	193,348.98	191,981.03		17,776,774.28	-	3,790,383.15	13,986,391.14	42,075.73	39,824.92	39,824.92	8,934.58	8,507.68
2017	4	193,348.98	191,527.20		17,736,949.37	-	3,781,875.47	13,955,073.90	41,981.51	39,919.13	39,919.13	8,914.57	8,527.69
2017	5	193,348.98	191,074.44		17,697,030.24	-	3,773,347.78	13,923,682.46	41,887.08	40,013.56	40,013.56	8,894.52	8,547.74
2017	6	193,348.98	190,622.76		17,657,016.68	-	3,764,800.04	13,892,216.64	41,792.42	40,108.22	40,108.22	8,874.42	8,567.84
2017	7	193,348.98	190,172.14	1,340,705.42	17,616,908.45	-	3,756,232.20	13,860,676.26	41,697.53	40,203.11	40,203.11	8,854.27	8,587.99
2018	8	193,348.98	189,722.59		17,576,705.35	-	3,747,644.21	13,829,061.14	41,602.43	40,298.22	40,298.22	8,834.07	8,608.18
2018	9	193,348.98	189,274.10		17,536,407.13	-	3,739,036.02	13,797,371.11	41,507.09	40,393.55	40,393.55	8,813.83	8,628.43
2018	10	193,348.98	188,826.67		17,496,013.58	-	3,730,407.59	13,765,605.98	41,411.53	40,489.11	40,489.11	8,793.54	8,648.72
2018	11	193,348.98	188,380.29		17,455,524.47	-	3,721,758.87	13,733,765.59	41,315.74	40,584.90	40,584.90	8,773.20	8,669.06
2018	12	193,348.98	187,934.98		17,414,939.57	-	3,713,089.81	13,701,849.76	41,219.73	40,680.91	40,680.91	8,752.81	8,689.45
2018	13	193,348.98	187,490.71		17,374,258.66	-	3,704,400.36	13,669,858.30	41,123.49	40,777.15	40,777.15	8,732.37	8,709.88
2018	14	193,348.98	187,047.50		17,333,481.51	-	3,695,690.48	13,637,791.03	41,027.02	40,873.62	40,873.62	8,711.89	8,730.37
2018	15	193,348.98	186,605.33		17,292,607.89	-	3,686,960.11	13,605,647.78	40,930.32	40,970.32	40,970.32	8,691.35	8,750.90
2018	16	193,348.98	186,164.21		17,251,637.57	-	3,678,209.21	13,573,428.36	40,833.40	41,067.24	41,067.24	8,670.77	8,771.48
2018	17	193,348.98	185,724.13		17,210,570.33	-	3,669,437.72	13,541,132.60	40,736.24	41,164.40	41,164.40	8,650.14	8,792.12
2018	18	193,348.98	185,285.09		17,169,405.92	-	3,660,645.61	13,508,760.32	40,638.85	41,261.79	41,261.79	8,629.46	8,812.79
2018	19	193,348.98	184,847.09	2,247,302.68	17,128,144.14	-	3,651,832.81	13,476,311.32	40,541.24	41,359.41	41,359.41	8,608.73	8,833.52
2019	20	193,348.98	184,410.13		17,086,784.73	-	3,642,999.29	13,443,785.44	40,443.39	41,457.25	41,457.25	8,587.96	8,854.30
2019	21	193,348.98	183,974.19		17,045,327.48	-	3,634,144.99	13,411,182.49	40,345.31	41,555.33	41,555.33	8,567.13	8,875.13
2019	22	193,348.98	183,539.29		17,003,772.14	-	3,625,269.86	13,378,502.28	40,246.99	41,653.65	41,653.65	8,546.25	8,896.00
2019	23	193,348.98	183,105.42		16,962,118.50	-	3,616,373.86	13,345,744.64	40,148.45	41,752.19	41,752.19	8,525.33	8,916.93
2019	24	193,348.98	182,672.57		16,920,366.30	-	3,607,456.93	13,312,909.37	40,049.67	41,850.97	41,850.97	8,504.35	8,937.91
2019	25	193,348.98	182,240.75		16,878,515.33	-	3,598,519.02	13,279,996.31	39,950.66	41,949.99	41,949.99	8,483.33	8,958.93
2019	26	193,348.98	181,809.94		16,836,565.34	-	3,589,560.09	13,247,005.25	39,851.41	42,049.23	42,049.23	8,462.25	8,980.13
2019	27	193,348.98	181,380.16		16,794,516.11	-	3,580,580.09	13,213,936.02	39,751.92	42,148.72	42,148.72	8,441.13	9,001.13
2019	28	193,348.98	180,951.39		16,752,367.39	-	3,571,578.96	13,180,788.43	39,652.21	42,248.44	42,248.44	8,419.95	9,022.30
2019	29	193,348.98	180,523.63		16,710,118.95	-	3,562,556.65	13,147,562.30	39,552.25	42,348.39	42,348.39	8,398.73	9,043.53
2019	30	193,348.98	180,096.89		16,667,770.56	-	3,553,513.12	13,114,257.44	39,452.06	42,448.58	42,448.58	8,377.45	9,064.81
2019	31	193,348.98	179,671.15	2,184,375.52	16,625,321.98	-	3,544,448.32	13,080,873.66	39,351.63	42,549.01	42,549.01	8,356.13	9,086.13
2020	32	193,348.98	179,246.42		16,582,772.96	-	3,535,362.19	13,047,410.78	39,250.96	42,649.68	42,649.68	8,334.75	9,107.51
2020	33	193,348.98	178,822.70		16,540,123.28	-	3,526,254.68	13,013,868.60	39,150.05	42,750.59	42,750.59	8,313.32	9,128.93
2020	34	193,348.98	178,399.97		16,497,372.70	-	3,517,125.75	12,980,246.95	39,048.91	42,851.73	42,851.73	8,291.85	9,150.41
2020	35	193,348.98	177,978.25		16,454,520.96	-	3,507,975.33	12,946,545.63	38,947.52	42,953.12	42,953.12	8,270.32	9,171.94
2020	36	193,348.98	177,557.52		16,411,567.85	-	3,498,803.39	12,912,764.45	38,845.90	43,054.74	43,054.74	8,248.74	9,193.52
2020	37	193,348.98	177,137.79		16,368,513.11	-	3,489,609.87	12,878,903.23	38,744.03	43,156.61	43,156.61	8,227.11	9,215.15
2020	38	193,348.98	176,719.05		16,325,356.50	-	3,480,394.72	12,844,961.77	38,641.93	43,258.72	43,258.72	8,205.42	9,236.83
2020	39	193,348.98	176,301.30		16,282,097.78	-	3,471,157.89	12,810,939.89	38,539.58	43,361.06	43,361.06	8,183.69	9,258.57
2020	40	193,348.98	175,884.53		16,238,736.72	-	3,461,899.33	12,776,837.39	38,436.99	43,463.66	43,463.66	8,161.91	9,280.35
2020	41	193,348.98	175,468.75		16,195,273.06	-	3,452,618.97	12,742,654.09	38,334.15	43,566.49	43,566.49	8,140.07	9,302.19
2020	42	193,348.98	175,053.96		16,151,706.57	-	3,443,316.79	12,708,389.78	38,231.07	43,669.57	43,669.57	8,118.18	9,324.08
2020	43	193,348.98	174,640.14	2,123,210.39	16,108,037.00	-	3,433,992.71	12,674,044.29	38,127.75	43,772.89	43,772.89	8,096.24	9,346.02
2021	44	193,348.98	174,227.31		16,064,264.11	-	3,424,646.70	12,639,617.41	38,024.18	43,876.46	43,876.46	8,074.25	9,368.01
2021	45	193,348.98	173,815.45		16,020,387.65	-	3,415,278.69	12,605,108.96	37,920.37	43,980.27	43,980.27	8,052.21	9,390.05
2021	46	193,348.98	173,404.56		15,976,407.38	-	3,405,888.64	12,570,518.74	37,816.31	44,084.33	44,084.33	8,030.11	9,412.15
2021	47	193,348.98	172,994.64		15,932,323.05	-	3,396,476.49	12,535,846.56	37,712.01	44,188.64	44,188.64	8,007.96	9,434.30
2021	48	193,348.98	172,585.70		15,888,134.41	-	3,387,042.19	12,501,092.22	37,607.45	44,293.19	44,293.19	7,985.76	9,456.50
2021	49	193,348.98	172,177.72		15,843,841.22	-	3,377,585.69	12,466,255.53	37,502.65	44,397.99	44,397.99	7,963.50	9,478.75
2021	50	193,348.98	171,770.70		15,799,443.23	-	3,368,106.94	12,431,336.29	37,397.60	44,503.04	44,503.04	7,941.20	9,501.06
2021	51	193,348.98	171,364.65		15,754,940.19	-	3,358,605.88	12,396,334.31	37,292.31	44,608.34	44,608.34	7,918.84	9,523.42
2021	52	193,348.98	170,959.56		15,710,331.86	-	3,349,082.47	12,361,249.39	37,186.76	44,713.88	44,713.88	7,896.43	9,545.83
2021	53	193,348.98	170,555.42		15,665,617.97	-	3,339,536.64	12,326,081.34	37,080.96	44,819.68	44,819.68	7,873.96	9,568.30
2021	54	193,348.98	170,152.24		15,620,798.29	-	3,329,968.34	12,290,829.95	36,974.91	44,925.73	44,925.73	7,851.44	9,590.81
2021	55	193,348.98	169,750.01	2,063,757.95	15,575,872.56	-	3,320,377.53	12,255,495.04	36,868.61	45,032.03	45,032.03	7,828.87	9,613.39
2022	56	193,348.98	169,348.73		15,530,840.54	-	3,310,764.14	12,220,076.40	36,762.06	45,138.58	45,138.58	7,806.24	9,636.01
2022	57	193,348.98	168,948.41		15,485,701.96	-	3,301,128.13	12,184,573.83	36,655.26	45,245.38	45,245.38	7,783.57	9,658.69
2022	58	193,348.98	168,549.03		15,440,456.58	-	3,291,469.44	12,148,987.14	36,548.20	45,352.44	45,352.44	7,760.83	9,681.42
2022	59	193,348.98	168,150.59		15,395,104.14	-	3,281,788.01	12,113,316.13	36,440.89	45,459.75	45,459.75	7,738.05	9,704.21
2022	60	193,348.98	167,753.09		15,349,644.39	-	3,272,083.80	12,077,560.59	36,333.33	45,567.31	45,567.31	7,715.20	9,727.05
2022	61	193,348.98	167,356.54		15,304,077.07	-	3,262,356.75	12,041,720.33	36,225.51	45,675.13	45,675.13	7,692.31	9,749.95
2022	62	193,348.98	166,960.92		15,258,401.94	-	3,252,606.80	12,005,795.14	36,117.43	45,783.21	45,783.21	7,669.36	9,772.90
2022	63	193,348.98	166,566.23		15,212,618.73	-	3,242,833.90	11,969,784.83	36,009.10	45,891.54	45,891.54	7,646.36	9,795.90
2022	64	193,348.98	166,172.48		15,166,727.19	-	3,233,038.00	11,933,689.19	35,900.51	46,000.13	46,000.13	7,623.30	9,818.96
2022	65	193,348.98	165,779.66		15								

Table with 12 columns of numerical data representing financial or operational metrics for various years (2023-2030) and categories (74-152). Includes sub-totals like 1,949,800.69 and 1,842,135.96.



2036	232	193,348 98	111,655 30	5,690,441 06	-	1,212,217 59	4,478,223 47	13,471 99	68,428 65	68,428 65	-	2,860 71	14,581 55
2036	233	193,348 98	111,391 35	5,622,612 41	-	1,197,636 04	4,424,376 36	13,310 00	68,590 64	68,590 64	-	2,826 31	14,615 94
2036	234	193,348 98	111,128 03	5,553,421 76	-	1,183,020 10	4,370,401 66	13,147 63	68,753 02	68,753 02	-	2,791 83	14,650 42
2036	235	193,348 98	110,865 33	5,484,668 75	-	1,168,369 68	4,316,299 07	12,984 87	68,915 78	68,915 78	-	2,757 27	14,684 98
2037	236	193,348 98	110,603 25	5,415,752 97	-	1,153,684 69	4,262,068 28	12,821 72	69,078 92	69,078 92	-	2,722 63	14,719 63
2037	237	193,348 98	110,341 80	5,346,674 05	-	1,138,965 07	4,207,708 98	12,658 19	69,242 45	69,242 45	-	2,687 91	14,754 35
2037	238	193,348 98	110,080 96	5,277,431 60	-	1,124,210 71	4,153,220 89	12,494 27	69,406 37	69,406 37	-	2,653 10	14,789 16
2037	239	193,348 98	109,820 73	5,208,025 23	-	1,109,421 56	4,098,603 68	12,329 97	69,570 68	69,570 68	-	2,618 21	14,824 05
2037	240	193,348 98	109,561 12	5,138,454 55	-	1,094,597 51	4,043,857 05	12,165 27	69,735 37	69,735 37	-	2,583 24	14,859 02
2037	241	193,348 98	109,302 13	5,068,719 18	-	1,079,738 49	3,988,980 70	12,000 18	69,900 46	69,900 46	-	2,548 18	14,894 08
2037	242	193,348 98	109,043 75	4,998,818 72	-	1,064,844 41	3,933,974 32	11,834 71	70,065 94	70,065 94	-	2,513 04	14,929 21
2037	243	193,348 98	108,785 98	4,928,752 79	-	1,049,915 19	3,878,837 60	11,668 84	70,231 81	70,231 81	-	2,477 82	14,964 44
2037	244	193,348 98	108,528 81	4,858,520 98	-	1,034,950 76	3,823,570 23	11,502 57	70,398 07	70,398 07	-	2,442 52	14,999 74
2037	245	193,348 98	108,272 26	4,788,122 92	-	1,019,951 02	3,768,171 90	11,335 92	70,564 72	70,564 72	-	2,407 13	15,035 13
2037	246	193,348 98	108,016 31	4,717,558 19	-	1,004,915 89	3,712,642 30	11,168 87	70,731 78	70,731 78	-	2,371 65	15,070 60
2037	247	193,348 98	107,760 97	4,646,826 41	1,310,118 08	989,845 28	3,656,981 13	11,001 42	70,899 22	70,899 22	-	2,336 10	15,106 16
2038	248	193,348 98	107,506 23	4,575,927 19	-	974,739 12	3,601,188 07	10,833 57	71,067 07	71,067 07	-	2,300 46	15,141 80
2038	249	193,348 98	107,252 09	4,504,860 12	-	959,597 32	3,545,262 80	10,665 33	71,235 31	71,235 31	-	2,264 73	15,177 53
2038	250	193,348 98	106,998 56	4,433,624 81	-	944,419 80	3,489,205 02	10,496 69	71,403 95	71,403 95	-	2,228 92	15,213 34
2038	251	193,348 98	106,745 62	4,362,220 86	-	929,206 46	3,433,014 40	10,327 65	71,572 99	71,572 99	-	2,193 03	15,249 23
2038	252	193,348 98	106,493 28	4,290,647 87	-	913,957 23	3,376,690 64	10,158 21	71,742 43	71,742 43	-	2,157 05	15,285 21
2038	253	193,348 98	106,241 54	4,218,905 44	-	898,672 02	3,320,233 42	9,988 37	71,912 27	71,912 27	-	2,120 98	15,321 28
2038	254	193,348 98	105,990 39	4,146,993 17	-	883,350 75	3,263,642 42	9,818 12	72,082 52	72,082 52	-	2,084 83	15,357 43
2038	255	193,348 98	105,739 84	4,074,910 65	-	867,993 32	3,206,917 33	9,647 48	72,253 17	72,253 17	-	2,048 59	15,393 66
2038	256	193,348 98	105,489 88	4,002,657 49	-	852,599 66	3,150,507 83	9,476 42	72,424 22	72,424 22	-	2,012 27	15,429 98
2038	257	193,348 98	105,240 51	3,930,233 27	-	837,169 67	3,093,063 60	9,304 97	72,595 68	72,595 68	-	1,975 86	15,466 39
2038	258	193,348 98	104,991 73	3,857,637 59	-	821,703 28	3,035,934 31	9,133 10	72,767 54	72,767 54	-	1,939 37	15,502 89
2038	259	193,348 98	104,743 53	3,784,870 05	1,273,433 20	806,200 39	2,978,669 66	8,960 83	72,939 81	72,939 81	-	1,902 79	15,539 47
2039	260	193,348 98	104,495 93	3,711,930 24	-	790,660 92	2,921,269 32	8,788 15	73,112 49	73,112 49	-	1,866 12	15,576 14
2039	261	193,348 98	104,248 91	3,638,817 75	-	775,084 79	2,863,732 96	8,615 06	73,285 58	73,285 58	-	1,829 37	15,612 89
2039	262	193,348 98	104,002 47	3,565,532 17	-	759,471 90	2,806,060 28	8,441 56	73,459 08	73,459 08	-	1,792 53	15,649 73
2039	263	193,348 98	103,756 62	3,492,073 10	-	743,822 17	2,748,250 93	8,267 65	73,632 99	73,632 99	-	1,755 60	15,686 66
2039	264	193,348 98	103,511 34	3,418,440 11	-	728,135 51	2,690,304 60	8,093 33	73,807 31	73,807 31	-	1,718 58	15,723 68
2039	265	193,348 98	103,266 65	3,344,632 80	-	712,411 83	2,632,220 97	7,918 60	73,982 04	73,982 04	-	1,681 48	15,760 78
2039	266	193,348 98	103,022 53	3,270,650 76	-	696,651 05	2,573,999 71	7,743 45	74,157 19	74,157 19	-	1,644 28	15,797 97
2039	267	193,348 98	102,779 00	3,196,493 57	-	680,858 07	2,515,640 49	7,567 89	74,332 76	74,332 76	-	1,607 00	15,835 25
2039	268	193,348 98	102,536 03	3,122,160 81	-	665,017 82	2,457,142 99	7,391 91	74,508 74	74,508 74	-	1,569 63	15,872 62
2039	269	193,348 98	102,293 65	3,047,652 07	-	649,145 20	2,398,506 87	7,215 51	74,685 13	74,685 13	-	1,532 18	15,910 08
2039	270	193,348 98	102,051 83	2,972,966 94	-	633,235 12	2,339,731 82	7,038 69	74,861 95	74,861 95	-	1,494 63	15,947 62
2039	271	193,348 98	101,810 59	2,898,104 99	1,237,775 55	617,287 50	2,280,817 46	6,861 46	75,039 18	75,039 18	-	1,457 00	15,985 26
2040	272	193,348 98	101,569 92	2,823,065 81	-	601,302 24	2,221,763 57	6,683 81	75,216 84	75,216 84	-	1,419 27	16,022 98
2040	273	193,348 98	101,329 81	2,747,848 97	-	585,279 25	2,162,569 72	6,505 73	75,394 91	75,394 91	-	1,381 46	16,060 80
2040	274	193,348 98	101,090 28	2,672,454 06	-	569,218 46	2,103,235 60	6,327 23	75,573 41	75,573 41	-	1,343 56	16,098 70
2040	275	193,348 98	100,851 31	2,596,880 65	-	553,119 76	2,043,760 90	6,148 31	75,752 33	75,752 33	-	1,305 56	16,136 69
2040	276	193,348 98	100,612 90	2,521,128 32	-	536,983 06	1,984,145 26	5,968 97	75,931 67	75,931 67	-	1,267 48	16,174 78
2040	277	193,348 98	100,375 06	2,445,196 65	-	520,808 29	1,924,388 36	5,789 20	76,111 44	76,111 44	-	1,229 31	16,212 95
2040	278	193,348 98	100,137 78	2,369,085 21	-	504,595 34	1,864,489 87	5,609 01	76,291 63	76,291 63	-	1,191 05	16,251 21
2040	279	193,348 98	99,901 06	2,292,793 58	-	488,344 13	1,804,449 45	5,428 39	76,472 26	76,472 26	-	1,152 69	16,289 57
2040	280	193,348 98	99,664 90	2,216,321 32	-	472,054 56	1,744,266 76	5,247 34	76,653 31	76,653 31	-	1,114 25	16,328 01
2040	281	193,348 98	99,429 30	2,139,668 01	-	455,726 55	1,683,941 46	5,065 86	76,834 78	76,834 78	-	1,075 71	16,366 55
2040	282	193,348 98	99,194 26	2,062,833 23	-	439,360 01	1,623,473 22	4,883 95	77,016 69	77,016 69	-	1,037 08	16,405 17
2040	283	193,348 98	98,959 77	1,985,816 54	1,203,116 35	422,954 83	1,562,861 71	4,701 61	77,199 03	77,199 03	-	998 36	16,443 89
2041	284	193,348 98	98,725 84	1,908,617 50	-	406,510 94	1,502,106 57	4,518 84	77,381 80	77,381 80	-	959 55	16,482 70
2041	285	193,348 98	98,492 46	1,831,235 70	-	390,028 23	1,441,207 46	4,335 63	77,565 01	77,565 01	-	920 65	16,521 61
2041	286	193,348 98	98,259 63	1,753,670 69	-	373,506 63	1,380,164 06	4,151 99	77,748 65	77,748 65	-	881 66	16,560 60
2041	287	193,348 98	98,027 35	1,675,922 04	-	356,946 03	1,318,976 02	3,967 92	77,932 72	77,932 72	-	842 57	16,599 69
2041	288	193,348 98	97,795 62	1,597,989 32	-	340,346 34	1,257,642 98	3,783 41	78,117 23	78,117 23	-	803 39	16,638 87
2041	289	193,348 98	97,564 44	1,519,872 09	-	323,707 47	1,196,164 62	3,598 46	78,302 18	78,302 18	-	764 12	16,678 14
2041	290	193,348 98	97,333 80	1,441,569 91	-	307,029 33	1,134,540 58	3,413 08	78,487 57	78,487 57	-	724 75	16,717 51
2041	291	193,348 98	97,103 71	1,363,082 34	-	290,311 82	1,072,770 52	3,227 25	78,673 39	78,673 39	-	685 29	16,756 97
2041	292	193,348 98	96,874 17	1,284,408 95	-	273,554 86	1,010,854 09	3,040 99	78,859 66	78,859 66	-	645 74	16,796 52
2041	293	193,348 98	96,645 16	1,205,549 30	-	256,758 34	948,790 96	2,854 28	79,046 36	79,046 36	-	606 09	16,836 16
2041	294	193,348 98	96,416 70	1,126,502 93	-	239,922 17	886,580 76	2,667 13	79,233 51	79,233 51	-	566 35	16,875 90
2041	295	193,348 98	96,188 78	1,047,269 42	1,169,427 65	223,046 27	824,223 15	2,479 54	79,421 10	79,421 10	-	526 52	16,915 74
2042	296	193,348 98	95,961 40	967,848 32	-	206,130 53	761,717 79	2,291 50	79,609 14	79,609 14	-	486 59	16,955 67
2042	297	193,348 98	95,734 55	888,239 18	-	189,174 86	699,064 31	2,103 02	79,797 62	79,797 62	-	446 57	16,995 69
2042	298	193,348 98	95,508 24	808,441 55	-	172,179 17	636,262 38	1,914 09	79,986 55	79,986 55	-	406 45	17,035 81
2042	299	193,348 98	95,282 47	728,455 00	-	155,143 36	573,311 64	1,724 71	80,175 93	80,175 93	-	366 23	17,076 02
2042	300	193,348											

Unit	Period	Year	Account	State/Jurisdic	Dept	Amount	Journal ID	Status	DateTime	Date	Source	User	Ref	Ref No	Line Descr
168	4	2,016	1080155		99990	83,462,532.30	OAAWLSHNBV	P	2016-05-10-12.49.46.253981	2016-04-30	UPL	S233670		NONREC	Unrecovered Plant
168	5	2,016	1080155		99990	-83,462,532.30	OAAWLSHNBV	P	2016-05-10-12.49.46.253981	2016-05-01	UPL	O871928		NONREC	Unrecovered Plant
168	5	2,016	1080155		99990	-75,423,780.72	OAJ0654718	P	2016-05-23-19.13.46.473183	2016-05-01	OAM	GLBATCH			Transfers Between Accounts
168	5	2,016	1080155		99990	150,847,561.44	OAJ0655284	P	2016-05-24-19.12.13.905372	2016-05-01	OAM	GLBATCH			Transfers Between Accounts
168	11	2,016	1080155	TX	99990	-3,500.00	OAADONATON	P	2016-11-30-18.34.32.256568	2016-11-30	ONL	S263421		REC	Unrecovered Plant
						75,420,280.72									



25 Remaining Life

Year	10	30
US Treasury	2.35%	2.68%
Spread		
BAML	90	105
Barclays	90	105
Average Spread	90	105
Average Yield	3.25%	3.73%

h

\*Indicative Rates as of week of December 15, 2017

Interpolated Rate of 25 years	
25 Year	3.61%

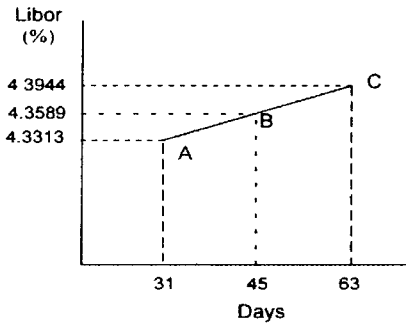
run" formula for the slope of the line, we determine R<sub>n</sub> as follows:

$$\begin{aligned}
 R_n &= R_1 + \frac{R_2 - R_1}{t_2 - t_1} \times (t_n - t_1) \\
 &= 4.3313\% + \frac{4.3944\% - 4.3313\%}{63 - 31} \times (45 - 31) \\
 &= 4.3313\% + 0.00197\% \times (14) = 4.3589\%
 \end{aligned}$$

The following is the derivation of the general version of the above equation. Given two known rates and their maturities:

- R<sub>1</sub> = Known rate with shorter maturity
- t<sub>1</sub> = Number of days to maturity of R<sub>1</sub>
- R<sub>2</sub> = Known rate with longer maturity
- t<sub>2</sub> = Number of days to maturity of R<sub>2</sub>
- R<sub>n</sub> = Unknown rate between R<sub>1</sub> and R<sub>2</sub>
- t<sub>n</sub> = Number of days to cash flow at time n

Figure 1: Linear interpolation



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

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO TEXAS  
INDUSTRIAL ENERGY CONSUMERS' SEVENTH SET OF REQUESTS FOR  
INFORMATION**

**Question No. TIEC 7-5:**

Please explain in detail why SWEPCO was prohibited from creating a regulatory asset for Welsh Unit 2 and when SWEPCO will create the regulatory asset.

**Response No. TIEC 7-5:**

The applicable remaining net book value of Welsh unit 2 under Generally Accepted Accounting Principles was moved to a regulatory asset in December 31, 2017 as a result of the January 2018 final order in Docket No. 46449.

Prepared By: Tiffany A. Powell Day

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

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

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO TEXAS  
INDUSTRIAL ENERGY CONSUMERS' SEVENTH SET OF REQUESTS FOR  
INFORMATION**

**Question No. TIEC 7-6:**

Regarding SWEPCO's response to OPUC 2-16, Attachment 1, Summary:

- e. Does SWEPCO's total request for incentive compensation include all of the company earnings amount shown in the Attachment?
- f. If not, please provide the amount of incentive compensation related to company earnings the company is including in its revenue requirement.

**Response No. TIEC 7-6:**

- e. As clarified with TIEC, the Company's response will refer to SWEPCO's response to CARD 4-16, Attachment 1 in place of OPUC 2-16, Attachment 1 as noted in the data request. The Company's response to CARD 4-16, Attachment 1, Summary, reflects the Company's proforma adjustment, reducing incentive compensation expense to a target 1.0 level for all participants and, for all participants except union represented employees whose wages were collectively bargained, further reducing incentive expense for the financial measures of each plan and one half the funding measures. This treatment is consistent with the ruling in the final order of Docket 46449.
- f. The Company's requested revenue requirement includes incentive compensation expense related to the remaining half of the financial funding measures for non-union participants and the target level of incentive compensation expense related to the financial measures of each plan and 100% of the funding measures for union represented employees whose wages were collectively bargained.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Prepared By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits