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**PUC DOCKET NO. 51415**

**APPLICATION OF SOUTHWESTERN § PUBLIC UTILITY COMMISSION  
ELECTRIC POWER COMPANY FOR §  
AUTHORITY TO CHANGE RATES § OF TEXAS**

**CITIES ADVOCATING REASONABLE DEREGULATION’S  
THIRD SET OF REQUESTS FOR INFORMATION TO  
SOUTHWESTERN ELECTRIC POWER COMPANY**

Cities Advocating Reasonable Deregulation's ("CARD") Third Set of Requests for Information ("RFIs") to Southwestern Electric Power Company ("SWEPCO") is hereby filed in this docket. Responses to the RFIs set forth on Exhibit A should be served on Alfred R. Herrera, Herrera Law & Associates, PLLC at 4524 Burnet Road, Austin, Texas 78756, within twenty (20) calendar days of service hereof or no later than **November 18, 2020**, or as modified by Order. Exhibit A is attached hereto and incorporated herein for all purposes.

**DEFINITIONS**

1. "SWEPCO," the "Company," and "Applicant" refer to Southwestern Electric Power Company and its affiliates.
2. "You," "yours," and "your" refer to SWEPCO (as defined above), including its directors, officers, employees, consultants, agents and attorneys.
3. "Document" and "documents" mean any written, recorded, filmed, or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device of any other media, including, but not limited to, memoranda, notes, analyses, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, contracts, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, observations, commercial practice manuals, reports and summaries of interviews, reports of consultants, appraisals, forecasts, tape recordings, or any form of recording that is capable of being transcribed into written form.
4. The term "communication" includes all verbal and written communications (including written records of verbal communications) of every kind, including but not limited to, telephone calls, conferences, letters and all memoranda or other documents concerning the requested item. Where communications are not in writing, provide copies of all memoranda and documents and describe in full the substance of the communication to the extent that substance is not reflected in the memoranda and documents provided and to the extent it is within the knowledge of SWEPCO.

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5. “Identification” of a document includes stating (a) the nature of the document (e.g., letter, memorandum, corporate minutes), (b) the date, if any, appearing thereon, (c) the date, if known, on which the document was prepared, (d) the title of the document, (e) the general subject matter of the document, (f) the number of pages comprising the document, (g) the identity of each person who signed or initialed the document, (h) the identity of each person to whom the document was addressed, (i) the identity of each person who received the document or reviewed it, (j) the location of the document, and (k) the identity of each person having custody of, or control over, the document. Identification of a document includes identifying all documents known or believed to exist, whether or not in the custody of SWEPCO or in the custody of its attorneys or other representatives or agents.
6. “Identification” of a person includes stating his or her full name, his or her most recent known business address and telephone number, his or her present position, and his or her prior connection or association with any party to this proceeding.
7. “Person” refers to, without limiting the generality of its meaning, every natural person, corporate entity, partnership, association (whether formally organized or ad hoc), joint venture, unit operation, cooperative, municipality, commission, governmental body or agency.
8. Capitalized terms not otherwise defined herein shall have the meaning attributed to them in the referenced testimony.

### INSTRUCTIONS

1. If any RFI appears confusing, please request clarification from the undersigned counsel.
2. In providing your responses, please start each response on a separate page and type, at the top of the page, the RFI that is being answered.
3. As part of the response to each RFI, please state, at the bottom of the answer, the name and job position of each person who participated in any way, other than providing clerical assistance, in the preparing of the answer. If the RFI has sub-parts, please identify the person or persons by sub-part. Please also state the name of the witness in this docket who will sponsor the answer to the RFI and who can vouch for the truth of the answer. If the RFI has sub-parts, please identify the witness or witnesses by sub-part.
4. Rather than waiting to provide all of the responses at the same time, please provide individual responses as each becomes available.
5. If SWEPCO considers any RFI to be unduly burdensome, or if the response would require the production of a voluminous amount of material, please call the undersigned counsel as soon as possible in order to discuss the situation and to try to resolve the problem. Likewise, if SWEPCO objects to any of the RFIs on the grounds that the RFI seeks proprietary information, or on any other grounds, please call the undersigned counsel as soon as possible.

6. If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.
7. These requests shall be deemed continuing so as to require further and supplemental responses if SWEPCO receives or generates additional information within the scope of these requests between the time of the original response and the time of the hearings.

Respectfully submitted,

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**ATTORNEYS FOR CITIES ADVOCATING  
REASONABLE DEREGULATION**

**CERTIFICATE OF SERVICE**

I certify that I have served a copy of *CARD's Third Set of Requests for Information to SWEPCO* upon all known parties of record by electronic email, fax and/or First class mail on this the 29th day of October, 2020.

By:   /s/Leslie Lindsey    
Leslie Lindsey

**EXHIBIT A**

**PUC DOCKET NO. 51415**

**APPLICATION OF SOUTHWESTERN § PUBLIC UTILITY COMMISSION  
ELECTRIC POWER COMPANY FOR §  
AUTHORITY TO CHANGE RATES § OF TEXAS**

**CITIES ADVOCATING REASONABLE DEREGULATION'S  
THIRD SET OF REQUESTS FOR INFORMATION TO  
SOUTHWESTERN ELECTRIC POWER COMPANY**

**General Rate of Return Data Requests**

- 3-1. Please provide copies of all presentations made to rating agencies and/or investment firms by American Electric Power Company and/or Southwestern Electric Power Company between January 1, 2019 and the present.
- 3-2. For all debt and equity financings, including loans from financial institutions by American Electric Power Company and/or Southwestern Electric Power Company between January 1, 2019 and the present, please provide the following: (1) the date, type, and amount of financing; (2) the investment firms and/or financial institutions associated with the financing; (3) all associated costs and expenses paid to investment firms and/or financial institutions associated with the financings, including fees and expenses, underwriting spreads, and other expenses; (4) copies of associated prospectuses, term sheets, lending agreements, private placement documents, and any other documents associated with the financings.
- 3-3. Please provide: (1) copies of the source documents, data and work papers associated with the development of the Company's proposed capital structure; and (2) the data and work papers in both paper and electronic (Microsoft Excel Worksheet) forms. For the Microsoft Excel version, please include keep all formulas embedded in the worksheet.
- 3-4. Please provide: (1) the quarterly capital structure amounts and cost rates, including and excluding short-term debt, for American Electric Power Company and Southwestern Electric Power Company for the past three years (2018-2020); and (2) the work papers and data used in (1) in Microsoft Excel, with all data and formulas embedded in the worksheet.
- 3-5. Please provide the daily amounts outstanding and daily cost rates for short-term debt for 2019 and 2020 for American Electric Power Company and Southwestern Electric Power Company.
- 3-6. Please provide detailed reasons, supported by financial data, as to why short-term debt was not included in the Company's proposed capital structure.

- 3-7. Please provide: (1) copies all data, work papers and calculations used in the development of the cost and amount of long-term debt; (2) detail all assumptions and show calculations for the amounts and cost of long-term debt; and (3) provide the data and work papers used for item numbers (1) and (2) in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.
- 3-8. Please provide copies of credit reports for American Electric Power Company and/or Southwestern Electric Power Company between January 1, 2019 and the present from the major credit rating agencies (Moody's, S&P, and Fitch).
- 3-9. Please provide the corporate credit and bond ratings assigned to American Electric Power Company and Southwestern Electric Power Company since the year 2015 by S&P, Moody's, and Fitch. For any change in the credit and/or bond rating, please provide a copy of the associated report.
- 3-10. Please provide the breakdown in the expected return on pension plan assets for Southwestern Electric Power Company. Specifically, please provide the expected return on different assets classes (bonds, US stocks, international stocks, etc) used in determining the expected return on plan assets. Please provide all associated source documents and work papers.
- 3-11. Please provide the Company's authorized and earned return on common equity for Southwestern Electric Power Company over the past five years. Please provide copies of all associated work papers and source documents. Please provide copies of the source documents, work papers, and data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.
- 3-12. For the years 2016-2020, please provide the dollar amount and dates of: (1) all equity infusions from American Electric Power Company to Southwestern Electric Power Company; and (2) all dividend payments from Southwestern Electric Power Company to American Electric Power Company.
- 3-13. Please provide copies of the financial statements (balance sheet, income statement, statement of cash flows, and the notes to the financial statements) for American Electric Power Company and Southwestern Electric Power Company for the past three years (2018-2020). Please provide copies of the financial statements in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.

**The Following Requests Pertain to the Direct Testimony of Mr. Dylan W. D'Ascendis**

- 3-14. Please provide a copy of Mr. D'Ascendis' testimony in Word.
- 3-15. Please provide copies of Schedules DWD-1 through DWD-8 in Microsoft Excel. Please keep all data formulas embedded in the worksheet.
- 3-16. Please provide copies of the source documents, data and work papers associated with the development of Schedules DWD-1 through DWD-8. Please provide the underlying data

and Exhibits in both paper and electronic (Microsoft Excel Worksheet) forms. For the Microsoft Excel version, please keep all formulas embedded in the worksheet.

- 3-17. Please provide copies of all articles, publications, regulatory decisions, references, and/or documents cited in the testimony and/or footnotes. If the reference is a book, please provide a copy of the relevant section of the book.
- 3-18. Please provide: (1) copies of the source documents, data and work papers associated with the development of Charts 1-3; and (2) the data and work papers in both paper and electronic (Microsoft Excel Worksheet) forms. For the Microsoft Excel version, please keep all formulas embedded in the worksheet.
- 3-19. With reference to pages 18-20 of Mr. D'Ascendis' testimony, please: (1) list all companies initially considered for inclusion in the proxy group; (2) provide the data used for all companies initially considered for inclusion in the proxy group; (3) for the companies eliminated by each of the eight screens, provide the reason and/or the metric that led to the elimination from the proxy group; and (4) provide the work papers and data used in the proxy group selection process in Microsoft Excel, with all data and formulas embedded in the worksheet.
- 3-20. With reference to pages 28-41 of Mr. D'Ascendis' testimony and Schedule DVD-4, please provide: (1) copies of all data and show all computations and supply source documents and work papers used so that the following items for each company (as shown on pages 8, 12 and 13 of Schedule DVD-4) can be duplicated - (a) GARCH, (b) Average Variance, and (c) PRPM Derived Risk Premium; and (2) copies of the data, calculations, source documents, and work papers, in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.
- 3-21. With reference to pages 28-41 of Mr. D'Ascendis' testimony and Schedule DVD-4, please: (1) list all regulatory cases (by utility name, docket number, and filing date) in which Mr. D'Ascendis has provided rate of return testimony and used his PRPM approach to estimating a market risk premium; (2) indicate all cases (by name, docket number, and date) a regulatory commission has adopted Mr. D'Ascendis' PRPM approach in arriving at risk premium and overall rate of return for a utility; and (3) provide copies of the 'Rate of Return' section of the Commission's decisions for all cases in which a regulatory commission has adopted the PRPM approach.
- 3-22. With reference to page 29 of Mr. D'Ascendis' testimony, please provide copies of Mr. Engel's published theoretical and empirical research: (1) in which Mr. Engle has developed, proposed, or tested the PRPM model to estimate a company's cost of equity capital; and (2) that relates to the PRPM.
- 3-23. With reference to pages 48-51 of Mr. D'Ascendis' testimony, please: (1) list all regulatory cases (by utility name, docket number, and filing date) in which Ms. Mr. D'Ascendis has provided rate of return testimony and used a non-price regulated proxy group to estimating a market risk premium; (2) indicate all cases (by name, docket number, and date), a regulatory commission has specifically used the equity cost rate results for Mr.



D'Ascendis' non-price regulated proxy group approach in arriving at an overall rate of return for a utility; and (3) provide copies of the 'Rate of Return' section of the Commission's decisions for all cases in which a regulatory commission has adopted the equity cost rate results for Mr. D'Ascendis' non-price regulated proxy group.

- 3-24. With reference to page 57 of Mr. D'Ascendis' testimony, please provide: (1) the dates and the amounts of equity flotation costs paid by the Company over the 2016-20 time period; and (2) copies of invoices and the associated checks which demonstrate that the Company paid the flotation costs.
- 3-25. With reference to pages 56-7 of Mr. D'Ascendis' testimony and Schedule DVD-8, please provide copies of all data, source documents, studies, and analyses used to justify and estimate the small size premium.