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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

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO EAST TEXAS  
SALT WATER DISPOSAL COMPANY'S FIFTH REQUEST FOR INFORMATION**

**MARCH 30, 2021**

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO EAST TEXAS  
SALT WATER DISPOSAL COMPANY'S FIFTH REQUEST FOR INFORMATION**

**Question No. ETSWD 5-1:**

Referring to page 26 of Ms. Jennifer Jackson's direct testimony, please answer the following:

- a. Please explain in detail why SWEPCO proposes updating its existing Experimental Economic Development Rider (EDR) to include two options to attract loads from a variety of different businesses with different load requirements.
- b. Please identify the types of businesses whose loads SWEPCO attempts to attract and please explain why these businesses are the targets for SWEPCO to attract loads. Please also identify the rate classes in which these businesses would take service from SWEPCO.
- c. For each of the types of businesses identified in (b), please provide the average load and demand (kwh and kW) of these businesses.
- d. For each of the types of business types identified in (b), please provide the number of the businesses within SWEPCO's Texas service territory that have been closed at the end of 2020. Please also identify the rate classes under which these businesses took service from SWEPCO.
- e. For the businesses identified in (d), please indicate if the closure of the businesses is due to the COVID-19 impact.
- f. Please confirm or deny that the COVID-19 crisis has resulted in closure or load reduction for businesses in 2020.
- g. Please provide all of the schedules and workpapers supporting the response.

**Response No. ETSWD 5-1:**

- a. SWEPCO is creating two options to attract load due to current trends and realities. From an electric utility's perspective, economic development is more important today than ever. The business environment has changed significantly from just 5 or 10 years ago. The need for investment continues to rise due to an aging system, environmental requirements, and advancing technologies, while at the same time load has tapered off or declined. Consequently, there is pressure on customer bills to increase because load growth is not available in between rate cases to help absorb cost increases. Economic development creates opportunities to help mitigate this impact on our customers. Energy costs can be a critical factor in siting new business and for SWEPCO's Texas service territory to be competitive with other utilities in the south, it is essential that new qualifying customers have access to the same or similar benefits.  
Two options allow us to grow our small business customers and attract new ones while also modifying our existing EDR to include more mid-size companies for growth. The existing EDR isn't as competitive for mid-size customers that are bringing in new load of

1.0 MW or less. In East Texas many of our manufacturers are headquartered from another state and those companies have choice for where to expand. Expanding the eligibility for customers under 1.0 MW will help SWEPCO Texas communities to be more competitive in retaining existing companies as well as attracting new ones. For SWEPCO this will lead to customer growth and retention as well as residential customer prosperity that comes when a company deploys additional capital investment in a community. Small businesses are the backbone of our communities.

- b. SWEPCO's proposed Economic Development Rider for Small Customers (Option 2) is targeted at customers that are too small to participate in the traditional SWEPCO EDR but instead are proposing to employ a large number of employees and are considered beneficial to SWEPCO's service territory from other perspectives. Customers under this tariff could be small distribution centers, start-up manufacturers, big box or other retail stores, data centers and other technological-focused customers, and other industries deemed important to the region and SWEPCO. The proposed minimum level of participation under this tariff is a monthly demand of 200 kW up to a maximum monthly demand of 500 kW.

SWEPCO's proposed Economic Development Rider for larger Customers (Option 1) is targeted for our more traditional manufacturing customers plus larger server farm data centers, distribution centers, and other value added technology based industries deemed important to the region and SWEPCO for economic development. The proposed minimum level of participation under this tariff is a monthly demand of 500 kW. In both cases, the rate class would be LP and LLP classes.

- c. The commercial customers identified in (b) will have a monthly demand ranging from 200 kW to several MW. The annual load-factor for commercial customer can vary between 40% and 75% depending on the hours of operations. The manufacturing or industrial customers identified in (b) will have a monthly demand ranging from 500 kW to several MW. The annual load-factor for industrial customers can vary between 40% and 99% depending on the number of shifts of operations and equipment characteristics.
- d. Please see SWEPCO's response to ETSWD 3<sup>rd</sup> set, questions 3-1, 3-2, and 3-3.
- e. We did not track or document business shut downs due to COVID-19.
- f. SWEPCO cannot confirm or deny.
- g. not applicable

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**Question No. ETSWD 5-2:**

Referring to pages 9-11 of Mr. Chad M. Burnett's direct testimony, please answer the following:

- a. Please explain how SWEPCO discovered and confirmed the permanent losses of the three large industrial customers (US Steel, Domtar, and Libbey Glass) referred to in the testimony. Please provide all of the schedules and workpapers supporting the response.
- b. Has SWEPCO used the same manner as described in the response to (a) to identify losses of any other businesses in Texas retail service area?
- c. If the answer to (b) is yes, please identify the number and the total load of any other identified businesses closures by rate class.
- d. If the answer to (b) is no, please explain why SWEPCO has not performed this exercise.
- e. Please provide all of the schedules and workpapers supporting the response.

**Response No. ETSWD 5-2:**

- a. The Company discovered and confirmed the load reductions at the three large industrial customers from public announcements confirmed by the Customer Service Engineers who manage the customer accounts. See Exhibits CMB-1 through CMB-5 for supporting workpapers.
- b. Yes.
- c. Please see response to ETSWD 3-3.
- d. n/a
- e. n/a

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