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PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF
SOUTHWESTERN ELECTRIC POWER COMPANY
FOR AUTHORITY TO CHANGE RATES

REBUTTAL TESTIMONY OF
DREW W. SEIDEL
FOR
SOUTHWESTERN ELECTRIC POWER COMPANY

APRIL 23, 2021

TESTIMONY INDEX

<u>SECTION</u>	<u>PAGE</u>
I. INTRODUCTION	1
II. PURPOSE OF REBUTTAL TESTIMONY	1
III. DISTRIBUTION VEGETATION MANAGEMENT	2
IV. CONCLUSION	8

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

3 A. My name is Drew W. Seidel. I am employed by Southwestern Electric Power
4 Company (SWEPCO or Company) as Vice President of Distribution Region
5 Operations. SWEPCO is an operating company of American Electric Power Company,
6 Inc. (AEP). My business address is 428 Travis Street, Shreveport, Louisiana, 71101.

7 Q. DID YOU FILE DIRECT TESTIMONY IN THIS CASE?

8 A. Yes.

9 II. PURPOSE OF REBUTTAL TESTIMONY

10 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

11 A. The purpose of my rebuttal testimony is to respond and rebut certain intervenor
12 witnesses' challenges to SWEPCO's proposal for an increase in the test year level of
13 vegetation management operation and maintenance (O&M) expenses, focused
14 exclusively on the Company's Texas distribution system. Specifically, I rebut the
15 recommendations of Cities Advocating Reasonable Deregulation (CARD) witness
16 Mark E. Garrett and Office of Public Utility Counsel (OPUC) witness Constance E.
17 Cannady that the Commission reject SWEPCO's distribution vegetation management
18 proposal. I also address the recommendation by the Staff of the Public Utility
19 Commission of Texas (PUC Staff) witness Ramya Ramaswamy that SWEPCO should
20 be ordered to implement a four-year trim cycle within 12 months of the final order in
21 this proceeding.

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III. DISTRIBUTION VEGETATION MANAGEMENT

Q. WHAT IS SWEPCO PROPOSING IN REGARDS TO DISTRIBUTION VEGETATION MANAGEMENT IN THIS PROCEEDING?

A. SWEPCO is proposing a total annual vegetation management spend of \$14.57 million. This is an increase of \$5.0 million over the \$9.57 million in vegetation management expenses incurred in the Test Year. SWEPCO’s proposal is consistent with the Commission’s decisions in the Company’s last three rate cases¹ and will improve reliability on targeted circuits as demonstrated by the reduction in the number of tree-related outages on the circuits that were trimmed in 2018 and 2019.²

Q. WHAT DO MR. GARRETT AND MS. CANNADY CONTEND CONCERNING SWEPCO’S PROPOSAL FOR AN INCREASE IN DISTRIBUTION VEGETATION MANAGEMENT?

A. Both witnesses recommend rejection of SWEPCO’s proposal for a \$5.0 million increase in base level O&M to perform vegetation management on SWEPCO’s Texas distribution system. Mr. Garrett argues that the additional distribution management spend is unnecessary because SWEPCO’s actual spending levels have remained close to the \$9.93 million authorized for vegetation management in the Company’s last rate case, Docket No. 46449.³ Similarly, Ms. Cannady contends that SWEPCO has not

¹ *Application of Southwestern Electric Power Company for Authority to Change Rates*, Docket No. 37364, Order at Finding of Fact (FoF) 17, 19, and 33 (April 16, 2010); *Application of Southwestern Electric Power Company for Authority to Change Rates and Reconcile Fuel*, Docket No. 40443, Order on Rehearing at FoF 179-80 (March 6, 2014); *Application of Southwestern Electric Power Company for Authority to Change Rates*, Docket No. 46449, Order on Rehearing at FoF 206-09 (March 19, 2018).

² Direct Testimony of Drew W. Seidel at 18, Figure 5.

³ Direct Testimony of Mark E. Garrett at 37:16 – 39:16.

1 shown that it is necessary to spend an additional \$5 million to achieve a significant
2 difference in the overall impact to customers for outages caused by vegetation
3 management.⁴

4 Q. MR. GARRETT CLAIMS THAT SWEPCO HAS NOT IMPROVED ITS
5 RELIABILITY MEASURES SINCE THE COMMISSION APPROVED AN
6 INCREASED LEVEL OF SPENDING IN THE COMPANY'S LAST RATE CASE.⁵
7 DO YOU AGREE?

8 A. No, I do not agree with this statement. Mr. Garrett fails to consider the other mitigating
9 factors that have affected overall system reliability metrics. I acknowledged in my
10 direct testimony that overall system reliability metrics have not shown marked
11 improvement since SWEPCO's last rate case, Docket No. 46449. This is due primarily
12 to an increase in restoration time caused by an increase in tree-related outages from
13 untrimmed circuits and storms, implementation of new safety protocols, and cost
14 increases in resources. However, the additional vegetation management spend
15 approved by the Commission in Docket No. 46449 has had a significant, positive effect
16 on the System Average Interruption Duration Index (SAIDI) and System Average
17 Interruption Frequency Index (SAIFI) for the cleared circuits.⁶ Despite this, one of the
18 top causes of outages within SWEPCO's Texas service territory continues to be
19 vegetation, both inside and outside of the right-of-way (ROW). These outages account
20 for a significant percentage of the Company's overall system SAIFI and SAIDI.

⁴ Direct Testimony of Constance T. Cannady at 49:1-3.

⁵ Direct Testimony of Mark E. Garrett at 38:3-7.

⁶ Direct Testimony of Drew W. Seidel at 18, Figure 5.

1 Q. MR. GARRETT NOTES THAT IN 2017, SWEPCO SPENT LESS THAN THE
2 AMOUNT APPROVED BY THE COMMISSION FOR DISTRIBUTION
3 VEGETATION MANAGEMENT IN THE COMPANY'S LAST BASE CASE,
4 DOCKET NO. 46449.⁷ IS THIS ACCURATE?

5 A. No. The Order on Rehearing in Docket No. 46449 was not adopted and approved by
6 the Commission until March 19, 2018. The Company incorporated the additional
7 spend for 2017 in 2018 after this approval. Additionally, during 2017, the Company
8 diverted all contracted tree personnel for one month of the third quarter to aid coastal
9 utilities rebuilding their systems and restoring power to the many customers who lost
10 service as a result of Hurricanes Harvey and Irma. This led directly to a portion of the
11 spend authorized for 2017 being spent in 2018.

12 Q. MR. GARRETT SUGGESTS THAT ADDITIONAL DISTRIBUTION
13 VEGETATION MANAGEMENT SPEND IS NOT NECESSARY BECAUSE
14 SWEPCO HAS NOT IN RECENT YEARS SPENT MORE THAN THAT
15 AUTHORIZED BY THE COMMISSION IN THE COMPANY'S LAST RATE-
16 CASE.⁸ PLEASE RESPOND.

17 A. SWEPCO is committed to doing what is necessary to provide safe and reliable electric
18 service. Moreover, SWEPCO's request here is consistent with the Commission's
19 decisions in SWEPCO's previous three rate cases. In each of those cases, the
20 Commission has previously ordered increases to base level vegetation management
21 spending and allowed the recovery of costs on a prospective basis. This occurred

⁷ Direct Testimony of Mark E. Garrett at 38:8-12.

⁸ Direct Testimony of Mark E. Garrett at 38:13 – 39:5.

1 pursuant to settlement in SWEPCO Docket No. 37364, and again in Docket Nos. 40443
2 and 46449, which were litigated proceedings. The additional spend here is known and
3 measurable because, just as in Docket Nos. 40443 and 46449, SWEPCO has proposed
4 an amount certain for the increase, committed to spend the incremental amount only on
5 vegetation management, and committed to provide reporting to verify the actual
6 spending levels.

7 Q. MS. CANNADY NOTES THE RELIABILITY IMPROVEMENTS ON THOSE
8 CIRCUITS THAT WERE COMPLETELY TRIMMED IN 2018 AND 2019.⁹
9 HOWEVER, SHE THEN CLAIMS THAT “A REVIEW OF THE COMPANY’S
10 HISTORICAL SAIFI AND SAIDI DOES NOT DEMONSTRATE THAT A MORE
11 THAN 50% INCREASE IN THE LEVEL OF ANNUAL VEGETATION
12 MANAGEMENT SPENDING WILL PRODUCE SIMILAR REDUCTIONS ON A
13 SYSTEM-WIDE BASIS.¹⁰ DO YOU AGREE WITH MS. CANNADY’S
14 CONCLUSION?

15 A. No, I do not agree. To state the current levels of spending on vegetation management
16 will not have an impact on SAIFI and SAIDI seems to say that customers should settle
17 for less reliability.

18 Moreover, the system SAIDI calculation excludes major storms. As SWEPCO
19 has improved our system through replacing poles at end of life, reconductoring circuits
20 and installing smart switches, SWEPCO now sees fewer storms becoming major. This
21 means fewer storms are excluded from the SAIDI calculation. While these steps are

⁹ Direct Testimony of Constance T. Cannady at 49:10-12 (citing Direct Testimony of Drew W. Seidel at 18).

¹⁰ Direct Testimony of Constance T. Cannady at 49:14-17.

1 improving overall performance for customers, vegetation management remains the
2 number one cause of distribution system outages. Increased funding will reduce the
3 CMI impacted on these circuits, which will in turn help system SAIDI. A 4-year trim
4 cycle will result in the best reliability; however, SWEPCO acknowledges that a 4-year
5 trim cycle is not being requested due to cost. SWEPCO is simply asking for additional
6 funding to spend on targeted circuits.

7 Q. DO YOU AGREE THAT ABSENT A MARKED IMPROVEMENT IN SAIDI AND
8 SAIFI, ANY ADDITIONAL DISTRIBUTION VEGETATION MANAGEMENT
9 SPEND IS UNREASONABLE?

10 A. No. Without additional funding, SWEPCO will likely see degradation in SAIDI and
11 SAIFI.

12 Q. DOES SWEPCO SUPPORT STAFF WITNESS RAMASWAMY'S
13 RECOMMENDATION THAT THE COMPANY BE ORDERED TO MOVE TO A
14 FOUR-YEAR CYCLE-BASED VEGETATION MANAGEMENT PROGRAM IN
15 TEXAS?¹¹

16 A. SWEPCO appreciates Staff witness Ramaswamy's recognition that a cyclical
17 vegetation management program would produce improved reliability benefits for
18 customers. As I noted in my direct testimony, SWEPCO firmly believes that the best
19 long-term solution for its vegetation management program is to implement a four-year
20 vegetation management cycle as originally proposed in Docket No. 37364.
21 Furthermore, SWEPCO is willing to accept this proposal if fully funded. However,

¹¹ Direct Testimony of Ramya Ramaswamy at 14:18-11.

1 because the full expense of implementing a four-year vegetation management cycle is
2 estimated at \$38.35 million annually, SWEPCO believes this approach would be too
3 costly for customers to absorb all at once.

4 Q. PLEASE SUMMARIZE WHY SWEPCO'S REQUESTED ADDITIONAL LEVEL
5 OF DISTRIBUTION VEGETATION MANAGEMENT SPEND IS APPROPRIATE
6 AND SHOULD BE APPROVED BY THIS COMMISSION.

7 A. SWEPCO's proposal for an increased level of vegetation management funds, focused
8 exclusively on the Company's Texas distribution system, will improve reliability on
9 targeted circuits as demonstrated by the reduction in the number of tree-related outages
10 on the circuits that were trimmed in 2018 and 2019. Given SWEPCO's heavily forested
11 service area, increased targeted vegetation management funding will help maintain
12 reliability for customers in a cost effective manner.

13 IV. CONCLUSION

14 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

15 A. Yes, it does.