



Control Number: 51415



Item Number: 523

Addendum StartPage: 0

**PUC Staff Exhibit No. 3a**  
**SOAH DOCKET NO. 473-21-0538**  
**PUC DOCKET NO. 51415**

**RECEIVED**  
**SOAH DOCKET NO. 473-21-0538**  
**PUC DOCKET NO. 51415**  
**APR 15 19 PM 2:05**  
**SESSION**

**APPLICATION OF  
SOUTHWESTERN ELECTRIC  
POWER COMPANY FOR  
AUTHORITY TO CHANGE RATES**

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**BEFORE THE STATE OFFICE  
OF  
ADMINISTRATIVE HEARINGS**



**WORKPAPERS TO THE  
DIRECT TESTIMONY OF RUTH STARK  
RATE REGULATION DIVISION  
PUBLIC UTILITY COMMISSION OF TEXAS  
APRIL 7, 2021**

SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415  
COMPANY NAME Southwestern Electric Power Company  
TEST YEAR END 31-Mar-20

Schedule I  
Total Company Revenue Requirement  
Page 1 of 1

	Company Test Year Total (a)	Company Adjustments To Test Year (b)	Co Requested Test Year Total Electric (c) = (a) + (b)	Staff Adj To Company Request (d)	Staff Adjusted Total Electric (e) = (c) + (d)
<b>REVENUE REQUIREMENT</b>					
Operations & Maintenance	1,096,640,498	(543,274,144)	553,366,356	(23,683,317)	529,683,039
Loss on Disposition of Utility Property	653,208	0	653,208	(489,906)	163,302
Accretion Expense	3,484,561	0	3,484,561	0	3,484,561
Amortization Expense	17,994,221	6,587,836	24,582,057	1,453,062	26,035,119
Depreciation Expense	236,316,513	10,332,293	246,648,806	(10,525,816)	236,122,990
Taxes Other Than Income Taxes	100,527,332	(235,803)	100,291,529	(7,013,945)	93,277,584
Federal Income Taxes	7,262,011	65,445,545	65,445,545	(20,037,473)	45,408,072
Return on Invested Capital	263,445,627	125,872,449	389,318,076	(66,328,294)	322,989,782
Other State Income Taxes	(1,364,764)	1,364,764	0		
Dolet Hills Recovery				11,573,440	11,573,440
<b>TOTAL</b>	<b>1,724,959,207</b>	<b>(333,907,060)</b>	<b>1,383,790,138</b>	<b>(115,052,249)</b>	<b>1,268,737,889</b>

OPERATIONS AND MAINTENANCE EXPENSE		Company Test Year Total (a)	Company Adjustments To Test Year (b)	Co Requested Test Year Total Electric (c)	Staff Adj To Company Request (d)	Staff Adjusted Total Electric (e) = (c) + (d)
Acct No						
Operations & Maintenance:						
Prof. Operation and Supr	500	21,645,237	(1,299,105)	20,346,132	(1,790,311)	18,555,821
Fuel-Reconcilable	501	399,631,093	(382,531,543)	17,099,550	(3,322,699)	13,776,851
Fuel-Non Reconcilable	501	0	0	0	0	0
Steam Expenses	502	19,098,323	(8,212,796)	10,885,527	(1,329,173)	9,556,354
Electric Expenses	505	10,576,275	(532,822)	10,043,453	(439,351)	9,604,102
Misc Steam Power Expenses	506	16,480,428	2,024,792	18,505,220	(3,822,065)	14,683,155
Rents	507	3,339	0	3,339	(634)	2,705
Allowance Expense	509	333,862	(41,727)	292,135	0	292,135
Maintenance Supv and Eng	510	5,221,988	(367,421)	4,854,567	(398,292)	4,456,275
Maintenance of structures	511	5,930,496	(99,368)	5,831,128	(237,043)	5,594,085
Maintenance of boiler plant	512	36,899,429	(769,067)	36,130,362	(3,987,369)	32,142,993
Maintenance of electric plant	513	8,232,373	(192,019)	8,040,354	(187,823)	7,852,531
Maintenance of misc steam plant	514	7,151,128	(164,156)	6,986,972	(1,097,601)	5,889,371
Operation supervision and engineering	517	0	0	0	0	0
Maintenance Supv and Eng	528	0	0	0	(468)	(468)
Maintenance of structures	529	0	0	0	(26)	(26)
Maintenance of electric plant	531	0	0	0	(1)	(1)
Operation supervision and engineering	535	0	0	0	(376)	(376)
Hydraulic expenses	537	0	0	0	(37)	(37)
Misc Hydr. Generation expenses	539	0	0	0	(379)	(379)
Maintenance Supv and Eng	541	0	0	0	0	0
Maintenance of structures	542	0	0	0	1	1
Maintenance of electric plant	544	0	0	0	5	5
Maintenance of misc. hydraulic plant	545	0	0	0	(94)	(94)
Operation Supv and Eng	546	4,833	(8,710)	(3,877)	0	(3,877)
Operation Fuel	547	10,520,437	(10,520,437)	0	0	0
Operation Generation Exp	548	257,827	(11,366)	246,461	1,295	247,756
Misc. Other Power Gen Exp	549	6,031	0	6,031	(3)	6,028
Operation Rents	550	0	0	0	0	0
Maintenance Supv and Eng	551	(35)	0	(33)	0	(33)
Maintenance of structures	552	981	60	1,021	6	1,027
Maintenance of generating and ele	553	827,970	(17,633)	810,337	1,103	811,440
Maint of Misc Other power gen plant	554	81,759	0	81,759	0	81,759
Purchased Power	555	207,609,120	(200,987,454)	6,621,666	0	6,621,666
System Control & Load Dispatch	556	1,494,472	(103,460)	1,391,012	(105,324)	1,285,688
System Control & Dispatch Other	557	1,822,709	1,255,487	3,078,196	(240,451)	2,837,745
Transmission Ops Supr & Engr	560	10,546,443	(565,371)	9,981,072	(618,524)	9,362,448
Transmission Load Dispatching -reliability	5611	0	0	0	0	0
Monitor and operate transmission-sys	5612	1,073,774	(43,835)	1,029,939	(140,536)	889,403
Trans service and scheduling	5613	417	0	417	0	417
Schedule system control and dispatch ser	5614	11,545,148	0	11,545,148	0	11,545,148
Reliability planning and standards deve	5615	251,831	(9,586)	242,245	(32,819)	209,426
Reliability planning and standards deve ser	5618	914,530	0	914,530	0	914,530
Transmission Station Equipment	562	1,235,007	(22,879)	1,212,128	862	1,212,990
Trans OH Line Expense	563	430,199	(2,044)	428,155	(1,482)	426,673
Underground Line Expenses	564	1,573	19	1,592	0	1,592
Transmission of Electricity by Others	565	73,241,705	79,285,200	152,526,905	0	152,526,905
Misc. Transmission Expenses	566	2,924,908	452,807	3,377,715	(119,996)	3,257,719
Rents	567	25,508	(1)	25,507	(7)	25,500
SPP Admin - MAM&SC	5757	2,366,891	0	2,366,891	0	2,366,891
Maint. Supv. And Engr	568	15,702	(864)	14,838	(839)	13,999
Maint. of Structures	569	36,341	(195)	36,146	25	36,171
Maint. of computer hardware	5691	9,937	(312)	9,625	(1,517)	8,108
Maint. of computer software	5692	642,128	(5,624)	636,504	(14,375)	622,129
Maint. of computer equip	5693	56,944	0	56,944	0	56,944
Transmission Maint Station Equip	570	2,651,013	(78,372)	2,572,641	(12,225)	2,560,416
Transmission Maint OH Line Exp	571	14,533,315	(27,704)	14,505,611	176	14,505,787
Maint. of Underground Lines	572	11,239	111	11,350	0	11,350
Maint. of Misc. Transmission	573	85,869	(4,558)	81,211	(104)	81,107
Distribution Ops Supr & Engr	580	2,632,859	(167,391)	2,465,468	(98,116)	2,367,352
Distribution Load Dispatching	581	62,791	(1,291)	61,500	0	61,500
Distribution Station Expenses	582	749,112	(21,825)	727,287	(11,867)	715,420
Distribution OH Line Expenses	583	1,752,384	(223,813)	1,528,571	(12,428)	1,516,143
Underground Line Expenses	584	1,383,497	(46,597)	1,336,900	2,532	1,339,432
Street Lighting & Signal Sys	585	162,030	(3,872)	158,158	132	158,290
Meter Expenses	586	3,819,316	(302,033)	3,517,283	(781)	3,516,502
Customer Installations	587	410,742	(20,716)	390,026	1,572	391,598
Miscellaneous Distribution Exp	588	20,017,606	2,087,692	22,105,298	(1,280)	22,104,018
Rents	589	889,843	0	889,843	(1,140)	888,703
Distribution Maint Supr & Engr	590	166,883	(13,911)	152,972	(49)	152,923
Maint. of Structures	591	39,491	(209)	39,282	46	39,328
Distribution Maint Station Equip	592	2,040,674	(46,290)	1,994,384	(2,354)	1,992,030
Distribution Maint OH lines	593	57,550,019	(1,092,825)	56,457,194	21,676	56,478,870
Underground Line Expenses	594	660,415	(15,706)	644,709	1,089	645,798
Dist Maint Line Trmf, Regulators	595	140,636	(8,001)	132,635	413	133,048
Maint Street Light & Signal Sys	596	303,595	(18,992)	284,603	700	285,303
Maintenance of Meters	597	442,928	(28,138)	414,790	2,026	416,816
Maint of Misc Distr Plant	598	371,393	(15,560)	355,833	1,224	357,057
Supervision - Customer Accts	901	781,491	(60,532)	720,959	(4,674)	716,285
Meter Reading Exp	902	2,614,840	(145,207)	2,469,633	(505)	2,469,128
Customer Records & Collection	903	17,797,556	965,076	18,762,632	(1,779,751)	16,982,881
Customer Deposit Interest	903.2	0	0	0	0	0
Uncollectible Accounts	904	724,395	0	724,395	0	724,395
Miscellaneous	905	101,498	(323)	101,175	(2,224)	98,951
Factoring Expense	426.5	9,711,825	(1,296,219)	8,415,606	(103,200)	8,312,406
Factoring Expense on Revenue Deficiency	426.5	0	1,190,699	1,190,699	(606,988)	583,711
Customer Ser Factoring Rate on Revenue Di	906	0	0	0	0	0
Supervision	907	7,429,119	(6,739,057)	690,062	(3,871)	686,191
Customer Assistance	908	15,029,496	(12,749,804)	2,279,692	5,034	2,284,726
Information & Instr Advertising	909	0	0	0	31,644	31,644
Misc. Cust. Service and Information	910	27,409	(1,365)	26,044	(1,651)	24,393
Sales Supervision	911	2,198	0	2,198	0	2,198
Demonstrating & Selling Exp	912	265,976	(8,786)	259,190	(220)	258,970
Advertising Expense	913	0	0	0	0	0
Misc. Sales Expense	916	0	0	0	0	0
Sales Expense	917	0	0	0	0	0
TOTAL Operations & Maintenance		1,024,512,494	(542,385,049)	482,127,447	(20,459,582)	461,667,865

SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415  
COMPANY NAME Southwestern Electric Power Company  
TEST YEAR END 31-Mar-20

Schedule II  
O&M Expense  
Page 2 of 2

OPERATIONS AND MAINTENANCE EXPENSE

		Company Test Year Total (a)	Company Adjustments To Test Year (b)	Co Requested Test Year Total Electric (c)	Staff Adj To Company Request (d)	Staff Adjusted Total Electric (e) = (c) + (d)
	Acct. No					
Administrative & General- (WP/A)						
Admin & General Salaries	920	32,325,718	(3,364,803)	28,960,915	(2,021,865)	26,939,250
Office Supplies & Exp	921	2,947,644	(1,212,661)	1,734,983	(2,085)	1,732,898
Admin Expenses Transferred	922	(4,430,969)	(59,256)	(4,490,225)	(15,049)	(4,505,274)
Outside Services	923	9,712,500	7,253	9,719,753	(80)	9,719,673
Property Insurance	924	2,428,223	1,689,700	4,117,923	(442,574)	3,675,349
Injuries & Damages	925	3,657,677	(29,527)	3,628,150	(14)	3,628,136
Employee Pensions & Benefits	926	13,373,091	2,913,757	16,286,848	(533,498)	15,753,350
Regulatory Commission Exp	928	2,624,761	(2,494,746)	130,015	(175,658)	(45,643)
Duplicate Charges	929	0	0	0	0	0
General Advertising Exp	9301	318,019	(1,129)	316,890	(25)	316,864
Miscellaneous	9302	1,724,290	1,732,377	3,456,667	(27,458)	3,429,209
Rents	931	1,008,537	(585)	1,007,952	0	1,007,952
Maint Of General Plant	935	6,435,014	(69,422)	6,365,592	(5,628)	6,360,964
TOTAL Administrative & General		72,125,505	(889,042)	71,236,463	(3,223,735)	68,012,728
TOTAL O & M EXPENSE		1,096,637,999	(543,274,091)	553,363,910	(23,683,317)	529,680,593
	8140	53	-53	0		0
	4110, 4119	4	0	4		4
	4010	2442	0	2,442		2,442

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1,098,640,488 (543,274,144) 553,368,356 (23,683,317) 529,683,039

SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415  
COMPANY NAME Southwestern Electric Power Company  
TEST YEAR END 31-Mar-20

Schedule III  
Invested Capital  
Page 1 of 1

		Company Test Year Total (a)	Company Adjustments To Test Year (b)	Co Requested Test Year Total Electric (c)	Staff Adj To Company Request (d)	Staff Adjusted Total Electric (e) = (c) + (d)
<b>INVESTED CAPITAL</b>						
	<u>Acct. No</u>					
Plant in Service	101	9,262,354,949	59,960,988	9,322,315,937	(339,874,755)	8,982,441,182
Accumulated Depreciation	108	(3,329,123,077)	133,944,841	(3,195,178,236)	287,562,107	(2,907,616,129)
Net Plant In Service		5,933,231,872	193,905,829	6,127,137,701	(52,312,648)	6,074,825,053
Construction Work in Progress	107	226,392,894	(226,392,894)	0	0	0
Plant Held for Future Use	105	1,044,101	(823,186)	220,915	0	220,915
Dolet Hills Mine FAS 143 ARO Asset	101.6	61,976,617	(61,976,617)	0	0	0
Capitalized leases	1011	105,842,819	(105,842,819)	0	0	0
Accumulated Provision - Leased Assets		(31,065,524)	31,065,524	0	0	0
Completed Construction Not Classified	106	319,647,154	0	319,647,154	0	319,647,154
Plant Acquisition	114	18,043,976	(18,043,976)	0	0	0
Accumulated Provision - Plant Acquisition		(18,043,976)	18,043,976	0	0	0
Other Electric Plant Adjustments	116				0	0
Turk Impairments		(51,821,999)		(51,821,999)		(51,821,999)
Tx Trans Veg Mgmt Cost Writeoff		(1,471,585)		(1,471,585)		(1,471,585)
Tx Dist Veg Mgmt Cost Writeoff		(3,993,357)		(3,993,357)		(3,993,357)
SERP		(637,842)		(637,842)		(637,842)
CWIP Fin Based Incentive		(12,432,748)		(12,432,748)	(37,860)	(12,470,608)
RWIP Fin Based Incentive		(499,903)		(499,903)	(5,485)	(505,388)
Working Cash Allowance		(145,220,159)	0	(145,220,159)	3,579,040	(141,641,119)
Materials and Supplies	154	70,436,747	(913,340)	69,523,407	0	69,523,407
Fuel Inventories	151/152	105,918,091	(19,211,748)	86,706,343	0	86,706,343
Prepayments	165	17,148,962	83,452,444	100,601,406	0	100,601,406
SFAS #109 Regulatory Assets & Liabilities	1823/254	(412,675,887)	35,506,181	(377,169,706)	0	(377,169,706)
Accumulated DFIT - Reg Assets and Liabilities		412,675,897	(35,506,191)	377,169,706	0	377,169,706
Accumulated Deferred Federal Income Taxes		(1,270,549,476)	291,719,543	(978,829,933)	(445,079,607)	(1,423,909,540)
Rate Base - Other		0	0	0		0
IPP Credit	2530067	(7,532,556)	0	(7,532,556)	0	(7,532,556)
Trading Deposits	1340018/1340	2,092,064	0	2,092,064	0	2,092,064
Excess Earnings Deferral	2540052	(2,453,476)	0	(2,453,476)	0	(2,453,476)
T.V. Pole Attachments	2530050	(831,313)	0	(831,313)	0	(831,313)
Sabine Mine Reclamation	2420059	0	(64,960,236)	(64,960,236)	0	(64,960,236)
Investment in Oxbow		0	16,576,181	16,576,181	(16,576,181)	0
Electric Plant Purchased or Sold		64,005	(64,005)	0		0
SFAS #106 Medicare Subsidy		2,533,221	0	2,533,221		2,533,221
Customer Deposits		(65,072,259)	0	(65,072,259)	0	(65,072,259)
<b>TOTAL INVESTED CAPITAL (RATE BASE)</b>		<b>5,252,746,360</b>	<b>136,534,666</b>	<b>5,389,281,026</b>	<b>(510,432,741)</b>	<b>4,878,848,285</b>
<b>RATE OF RETURN</b>		<b>5.02%</b>		<b>7.22%</b>		<b>6.62%</b>
<b>RETURN ON INVESTED CAPITAL</b>		<b>263,445,627</b>	<b>125,872,449</b>	<b>389,318,076</b>	<b>(66,328,294)</b>	<b>322,989,782</b>

SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51416  
COMPANY NAME Southwestern Electric Power Company  
TEST YEAR END 31-Mar-20

Schedule IIIA  
Electric Plant in Service  
Page 1 of 2

		Company Test Year Total	Company Adjustments To Test Year	Co Requested Test Year Total Electric	Staff Adj To Company Request	Staff Adjusted Total Electric
		(a)	(b)	(c)	(d)	(e) = (c) + (d)
<b>Electric Plant In Service</b>						
<b>Intangible Plant</b>						
Organization	301	12,202	0	12,202	0	12,202
Total Intangib Misc Intangible Plant	303	113,129,697	0	113,129,697	0	113,129,697
Production Plant-Steam		113,141,899	0	113,141,899	0	113,141,899
Land and Land Rights	310	26,969,480	0	26,969,480	(1,510,615)	25,458,865
Structures and Improve	311	637,760,782	0	637,760,782	(57,023,545)	580,737,237
Boiler Plant Equipment	312	2,655,899,049	0	2,655,899,049	(211,135,254)	2,444,763,795
Turbogenerators	314	721,720,666	0	721,720,666	(39,735,805)	681,984,861
Accessory Equipment	315	242,125,639	0	242,125,639	(12,572,798)	229,552,843
Misc Power Plant Equip	316	216,425,606	0	216,425,606	(16,666,032)	199,759,574
ARO Steam Production Plant	317	83,594,996	0	83,594,996	(1,230,557)	82,364,439
Production Pl: AFUDC Adjustment		0	60,191,668	60,191,668	0	60,191,668
Land and Land Rights	340	1,451,852	0	1,451,852	0	1,451,852
Structures and Improve	341	30,491,492	0	30,491,492	0	30,491,492
Fuel Holders, Producers	342	0	0	0	0	0
Pnme Movers	343	0	0	0	0	0
Generators	344	84,008,692	0	84,008,692	0	84,008,692
Accessory Equipment	345	8,990,259	0	8,990,259	0	8,990,259
Misc Power Plant Equip	346	829,902	0	829,902	0	829,902
AFUDC Adjustment		0	1,748,111	1,748,111	0	1,748,111
Total Producti Other Production						0
		4,710,268,415	61,939,779	4,772,208,194	(339,874,754)	4,432,333,440
<b>Transmission Plant</b>						
Land & Land Rights	350	98,274,229	0	98,274,229	0	98,274,229
Structures and Improv	352	19,617,255	0	19,617,255	0	19,617,255
Station Equipment	353	658,800,754	0	658,800,754	0	658,800,754
Towers & Fixtures	354	40,268,484	0	40,268,484	0	40,268,484
Poles & Fixtures	355	672,105,462	0	672,105,462	0	672,105,462
Overhead Conductors &D	356	390,618,514	0	390,618,514	0	390,618,514
Underground Conduit	357	2,877,687	0	2,877,687	0	2,877,687
Underground Conductor	358	77,032	0	77,032	0	77,032
Roads and Trails	359	131,947	0	131,947	0	131,947
AFUDC Adjustment		0	(672,358)	(672,358)	0	(672,358)
Total Transm Other Transmission						0
		1,882,771,364	(672,358)	1,882,099,006	0	1,882,099,006
<b>Distribution Plant</b>						
Land & Land Rights	360	9,962,607	0	9,962,607	0	9,962,607
Structure and Improve	361	9,077,437	0	9,077,437	0	9,077,437
Station Equipment	362	325,484,043	0	325,484,043	0	325,484,043
Poles, Towers & Fixtures	364	460,632,486	0	460,632,486	0	460,632,486
OH Conductors & Devices	365	459,819,309	0	459,819,309	0	459,819,309
Underground Conduat	366	70,251,605	0	70,251,605	0	70,251,605
UG Con & Devices	367	229,231,820	0	229,231,820	0	229,231,820
Line Transformers	368	406,536,885	0	406,536,885	0	406,536,885
Services	369	97,428,656	0	97,428,656	0	97,428,656
Meters	370	86,219,124	0	86,219,124	0	86,219,124
Installations on Cus Pro	371	43,841,079	0	43,841,079	0	43,841,079
Street Lights	373	42,503,668	0	42,503,668	0	42,503,668
AFUDC Adjustment		0	976,298	976,298	0	976,298
Total Distribut Other Distribution						0
		2,240,988,719	976,298	2,241,965,017	0	2,241,965,017
<b>General Plant</b>						
Land & Land Rights	389	22,030,361	0	22,030,361	0	22,030,361
Structure & Improveme	390	105,848,061	0	105,848,061	0	105,848,061
Office Furniture & Equip	391	9,328,307	0	9,328,307	0	9,328,307
Transportation Equip	392	4,118,518	0	4,118,518	0	4,118,518
Stores Equipment	393	3,121,778	0	3,121,778	0	3,121,778
Tools, Shop & Garage E	394	28,505,444	0	28,505,444	0	28,505,444
Laboratory Equipment	395	5,501,275	0	5,501,275	0	5,501,275
Power Operated Equip	396	698,227	0	698,227	0	698,227
Total Communication Equ	397	42,871,548	0	42,871,548	0	42,871,548
Misc Equipment	398	2,423,516	0	2,423,516	0	2,423,516
Other Intangible Prop	399	66,108,822	0	66,108,822	0	66,108,822
Asset Retirement Cost	399.1	2,009,077	0	2,009,077	0	2,009,077
AFUDC Adjustment		0	(2,282,731)	(2,282,731)	0	(2,282,731)
Other Tangible Property	399.3	22,619,620		22,619,620		22,619,620
Total General Plant		315,184,554	(2,282,731)	312,901,823	0	312,901,823
<b>TOTAL ELECTRIC PIS</b>		<b>9,262,354,951</b>	<b>59,960,988</b>	<b>9,322,315,939</b>	<b>(339,874,754)</b>	<b>8,982,441,185</b>

Property Under Capital Lease	101.1	74,777,297	(74,777,297)	0	0	0
Total Held for Future Use/Land	350/360	1,044,101	(823,186)	220,915	0	220,915
Dolet Hills Mine FAS 143 ARO Asset	101.6	61,976,617	(61,976,617)	0	0	0
Completed not Classified/Misc Intangible	303	19,938,203	0	19,938,203	0	19,938,203
Electric Plant Purchased or Sold	102	64,005	(64,005)	0	0	0
Completed Plant not Classified:		0	0	0	0	0
<b>PRODUCTION</b>						
<b>STEAM</b>						
Land and Land Right	310	0	0	0	0	0
Structure and Improvements	311	1,602,156	0	1,602,156	0	1,602,156
Boiler Plant Equipment	312	29,986,567	0	29,986,567	0	29,986,567
Turbogenerator	314	3,960,323	0	3,960,323	0	3,960,323
Accessory Electric Equipment	315	531,886	0	531,886	0	531,886
Misc Power Plant Equipment	316	1,144,908	0	1,144,908	0	1,144,908
Total Steam		37,225,840	0	37,225,840	0	37,225,840
<b>Other Production</b>						
Land and Land Right	340	0	0	0	0	0
Structure and Improvements	341	620,723	0	620,723	0	620,723
Fuel Holders, Production, Access	342	0	0	0	0	0
Prime Movers	343	0	0	0	0	0
Generators	344	473,407	0	473,407	0	473,407
Accessory Electric Equipment	345	13,151	0	13,151	0	13,151
Misc Power Plant Equipment	346	110,465	0	110,465	0	110,465
Total Other Production		1,217,746	0	1,217,746	0	1,217,746
<b>TOTAL PRODUCTION</b>		38,443,586	0	38,443,586	0	38,443,586
<b>TRANSMISSION</b>						
Land and Land Right	350	5,986,925	0	5,986,925	0	5,986,925
Structure and Improvements	352	6,281,701	0	6,281,701	0	6,281,701
Station Equipment	353	49,146,179	0	49,146,179	0	49,146,179
Towers and Fixtures	354	30,322	0	30,322	0	30,322
Poles and Fixtures	355	88,304,854	0	88,304,854	0	88,304,854
Overhead Conductors, Devices	356	33,358,162	0	33,358,162	0	33,358,162
Underground Conduit	357	1,000,661	0	1,000,661	0	1,000,661
Underground Conductors, Devices	358	11,185	0	11,185	0	11,185
<b>TOTAL TRANSMISSION</b>		184,119,989	0	184,119,989	0	183,119,328
<b>DISTRIBUTION</b>						
Land and Land Rights	360	0	0	0	0	0
Structure and Improvements	361	472,289	0	472,289	0	472,289
Station Equipment	362	12,072,400	0	12,072,400	0	12,072,400
Poles and Fixtures	364	18,008,817	0	18,008,817	0	18,008,817
Overhead Conductors, Devices	365	22,316,611	0	22,316,611	0	22,316,611
Underground Conduit	366	2,976,551	0	2,976,551	0	2,976,551
Underground Conduit, Devices	367	8,325,016	0	8,325,016	0	8,325,016
Line Transformers	368	3,725,212	0	3,725,212	0	3,725,212
Services	369	398,837	0	398,837	0	398,837
Meters	370	13,134	0	13,134	0	13,134
Installs on Customers Premises	371	313,333	0	313,333	0	313,333
Street Lighting Signal system	373	660,560	0	660,560	0	660,560
<b>TOTAL DISTRIBUTION</b>		69,282,760	0	69,282,760	0	69,282,760
<b>GENERAL</b>						
Land and Land Rights	389	79,920	0	79,920	0	79,920
Structure and Improvements	390	1,057,208	0	1,057,208	0	1,057,208
Office Furniture, Equipment	391	42,731	0	42,731	0	42,731
Transportation Equipment	392	0	0	0	0	0
Stores Equipment	393	50,783	0	50,783	0	50,783
Tools, Shop, Garage Equipment	394	1,298,258	0	1,298,258	0	1,298,258
Laboratory Equipment	395	0	0	0	0	0
Power Operated Equipment	396	0	0	0	0	0
Communication Equipment	397	5,278,819	0	5,278,819	0	5,278,819
Other Tangible Property	399	9,150	0	9,150	0	9,150
Miscellaneous Equipment	398	45,749	0	45,749	0	45,749
<b>Total General</b>		7,862,618	0	7,862,618	0	7,862,618
<b>Total Completed Plant not Classified</b>	106	319,647,156	0	319,647,156	0	319,647,156
		0	0	0	0	0
		0	0	0	0	0
<b>Total Construction Work in Progress</b>	107	226,392,894	(226,392,894)	0	0	0
<b>Plant Acquisition Adjustment</b>	114	18,043,976	(18,043,976)	0	0	0
<b>Other Electric Plant Adjustment</b>	116	0	0	0	(43,345)	(43,345)
<b>Total</b>		244,436,870	(244,436,870)	0	(43,345)	(43,345)
<b>Total Electric Plant in Service</b>		9,964,300,997	(322,116,987) #	9,642,184,010	(339,918,099)	9,302,265,911



SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415  
COMPANY NAME Southwestern Electric Power Company  
TEST YEAR END 31-Mar-20

Schedule IV  
Depreciation, Amortization & Accretion Expense  
Page 1 of 1

		Company Test Year Total	Company Adjustments To Test Year	Co Requested Test Year Total Electric	Staff Adj To Company Request	Staff Adjusted Total Electric
		(a)	(b)	(c)	(d)	(e) = (c) + (d)
<u>Acct. No.</u>						
<b>AMORTIZATION EXPENSE</b>						
Amortization Exp	404	17,421,930	5,292,169	22,714,099	(1,855,750)	20,858,349
Amortization - Tx Impairment	406	0	(1,209,820)	(1,209,820)	(1,306)	(1,211,126)
Amort Exp (Reg Debit)	4073	860,876	2,288,902	3,149,778	3,310,118	6,459,896
Amort Exp (Reg Credit)	4074	(288,585)	216,585	(72,000)	0	(72,000)
Total Amortization		17,994,221	6,587,836	24,582,057	1,453,062	26,035,119
<b>ACCRETION EXPENSE</b>						
			0		0	
Accretion Expense	4111	3,484,561	0	3,484,561	0	3,484,561
					0	0
<b>DEPRECIATION EXPENSE</b>						
Production	4030.1	118,198,563	9,527,448	127,726,011	(10,525,816)	117,200,195
Transmission	4030.2	49,421,354	(1,471,744)	47,949,610	0	47,949,610
Distribution	4030.3	61,585,051	2,617,350	64,202,401	0	64,202,401
General	4030.4	7,111,545	(340,761)	6,770,784	0	6,770,784
Total Depreciation Expense		236,316,513	10,332,293	246,648,806	(10,525,816)	236,122,990
<b>TOTAL DEPRECIATION, ACCRETION &amp; AMT EXP</b>		<b>257,795,295</b>	<b>16,920,129</b>	<b>274,715,424</b>	<b>(9,072,754)</b>	<b>265,642,670</b>
Loss on Disposition Util Prop	411	653,208	0	653,208	(489,806)	163,302
		\$ 258,448,503	\$ 16,920,129	\$ 275,368,632	\$ (9,562,660)	\$ 265,805,972

SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415  
COMPANY NAME Southwestern Electric Power Company  
TEST YEAR END 31-Mar-20

Schedule V  
Taxes Other Than FIT  
Page 1 of 1

	Company Test Year Total	Company Adjustments To Test Year	Co Requested Test Year Total Electric	Staff Adj To Company Request	Staff Adjusted Total Electric
	(a)	(b)	(c)	(d)	(e) = (c) + (d)
<b>TAXES OTHER THAN FIT</b>					
<b>Non Revenue Related</b>					
Ad Valorem Taxes-Texas	19,752,787	1,626,874	21,379,661	(4,041,090)	17,338,571
Ad Valorem Taxes-Other States	42,662,719	3,422,126	46,084,845	0	46,084,845
	62,415,506	5,049,000	67,464,506	(4,041,090)	63,423,416
<b>Total Property</b>					
<b>Payroll Taxes</b>					
FICA	6,971,664	45,867	7,017,531	(258,162)	6,759,369
FUTA	40,193	0	40,193	0	40,193
SUTA	40,777	0	40,777	0	40,777
	7,052,634	45,867	7,098,501	(258,162)	6,840,339
<b>Total Payroll</b>					
<b>Franchise Taxes</b>					
408 33	0	0	0	0	0
Texas	4,393,405	(4,393,405)	0	0	0
Other States	4,393,405	(4,393,405)	0	0	0
<b>Other Sales and Use Tax</b>					
Other	39,720	(39,720)	0	0	0
	85,990	(84,295)	1,695	0	1,695
	125,710	(124,015)	1,695	0	1,695
<b>TOTAL NON</b>	<b>73,987,255</b>	<b>577,447</b>	<b>74,564,702</b>	<b>(4,299,252)</b>	<b>70,265,450</b>
<b>Revenue Related</b>					
State Gross Receipts - Texas	6,215,215	2,511,417	8,826,632	(1,289,504)	7,537,128
State Gross Receipts - Other	8	0	8	0	8
Local Gross Receipts - Texas	9,357,340	(3,655,877)	5,701,463	(830,022)	4,871,441
Local Gross Receipts - Other	8,327,064	0	8,327,064	0	8,327,064
PUC Assessment - Texas	989,177	415,618	1,404,795	(205,230)	1,199,565
PUC Assessment - Other	1,188,520	0	1,188,520	0	1,188,520
State Gross Margins - Texas	462,763	(184,408)	278,345	(369,937)	(111,592)
<b>TOTAL REVENUE RELATED TAXES</b>	<b>26,540,077</b>	<b>(813,250)</b>	<b>25,726,827</b>	<b>(2,714,693)</b>	<b>23,012,134</b>
<b>TOTAL TAXES OTHER THAN INCOME TAXES</b>	<b>100,527,332</b>	<b>(235,803)</b>	<b>100,291,529</b>	<b>(7,013,945)</b>	<b>93,277,584</b>

SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415  
COMPANY NAME Southwestern Electric Power Company  
TEST YEAR END 31-Mar-20

Schedule VI  
Federal Income Taxes  
Page 1 of 1

FEDERAL INCOME TAXES - METHOD 1

	Co Requested Test Year Total Electric	Staff Adj To Company Request	Staff Adjusted Total Electric
	(c)	(d)	(e) = (c) + (d)
Return	389,318,076	(66,328,294)	322,989,782
Less:			
Synchronized Interest	113,936,864	(13,158,904)	100,777,960
DITC Amortization	1,458,080	0	1,458,080
Amortization of Protected Excess DFIT	3,719,670	4,664,032	8,383,702
Preferred Dividend Exclusion	0	0	0
Medicare Subsidy	0	0	0
AFUDC	0	0	0
Restricted Stock Plan - Tax Deduction	73,598	0	73,598
Prior Year T/R Adjustment	0	0	0
Accelerated Book Depreciation	16,602,098	0	16,602,098
TOTAL	0	0	0
Plus:	135,790,308	(8,494,872)	127,295,436
AFUDC	0	0	0
Business Meals not Deductible	542,023	0	542,023
Additional Depreciation	10,069,545	0	10,069,545
Stock based Compensation	1,538,774	0	1,538,774
AFUDC-BIP Amortization	0	0	0
FAS 106 (Medicare Reimbursement)	0	0	0
Business Meals Not Deductible	0	0	0
TOTAL	12,150,342	0	12,150,342
TAXABLE COMPONENT OF RETURN	265,678,110	(57,833,422)	207,844,688
TAX FACTOR (1/1-.21)(.21)	26.582278%	26.582278%	26.582278%
TOTAL FIT BEFORE ADJUSTMENTS	70,623,295	(15,373,441)	55,249,854
Adjustments:			
Amortization of DITC	(1,458,080)	0	(1,458,080)
Amortization of Excess DFIT	(3,719,670)	(4,664,032)	(8,383,702)
Prior Year T/R Adjustment	0	0	0
TOTAL	(5,177,750)	(4,664,032)	(9,841,782)
TOTAL FEDERAL INCOME TAXES	65,445,545	(20,037,473)	45,408,072

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Public Utility Commission of Texas  
Docket No. 46449 SWEPCO  
Test Year End: 03/31/2020  
SUMMARY ADJUSTMENTS TO COMPANY TEST YEAR

OPERATIONS AND MAINTENANCE EXPENSE

		Acct. No	Summary Adjustments	Summary Adjust 1-10	Summary Adjust 11-20	Summary Adjust 21-30	Summary Adjust 31-40	Acct. No
			(a)	(b)	(c)	(d)	(e)	
	Operations & Maintenance							
1	Prod. Operation and Supr	500	\$ (1,790,311)	\$ (1,790,202)	\$ (109)	\$ -	\$ -	500
2	Fuel-Reconcilable	501	\$ (3,322,699)	\$ (3,322,699)	\$ -	\$ -	\$ -	501
3	Fuel-Non Reconcilable	501	\$ -	\$ -	\$ -	\$ -	\$ -	501
4	Steam Expenses	502	\$ (1,329,173)	\$ (1,329,173)	\$ -	\$ -	\$ -	502
5	Electric Expenses	505	\$ (439,351)	\$ (439,351)	\$ -	\$ -	\$ -	505
6	Misc Steam Power Expenses	506	\$ (3,822,065)	\$ (3,822,065)	\$ -	\$ -	\$ -	506
7	Rents	507	\$ (634)	\$ (634)	\$ -	\$ -	\$ -	507
8	Allowance Expense	509	\$ -	\$ -	\$ -	\$ -	\$ -	509
9	Maintenance Supv and Eng	510	\$ (398,292)	\$ (398,292)	\$ -	\$ -	\$ -	510
10	Maintenance of structures	511	\$ (237,043)	\$ (237,043)	\$ -	\$ -	\$ -	511
11	Maintenance of boiler plant	512	\$ (3,987,369)	\$ (3,987,369)	\$ -	\$ -	\$ -	512
12	Maintenance of electric plant	513	\$ (187,823)	\$ (187,823)	\$ -	\$ -	\$ -	513
13	Maintenance of misc steam plant	514	\$ (1,097,601)	\$ (1,097,601)	\$ -	\$ -	\$ -	514
14	Operation supervision and engineering	517	\$ -	\$ -	\$ -	\$ -	\$ -	517
		528	\$ (468)	\$ (468)	\$ -	\$ -	\$ -	528
		529	\$ (26)	\$ (26)	\$ -	\$ -	\$ -	529
		531	\$ (1)	\$ (1)	\$ -	\$ -	\$ -	531
		535	\$ (376)	\$ (376)	\$ -	\$ -	\$ -	535
		537	\$ (37)	\$ (37)	\$ -	\$ -	\$ -	537
		539	\$ (379)	\$ (379)	\$ -	\$ -	\$ -	539
15	Maintenance Supv and Eng	541	\$ -	\$ -	\$ -	\$ -	\$ -	541
		542	\$ 1	\$ 1	\$ -	\$ -	\$ -	542
		544	\$ 5	\$ 5	\$ -	\$ -	\$ -	544
		545	\$ (94)	\$ (94)	\$ -	\$ -	\$ -	545
16	Operation Supv and Eng	546	\$ -	\$ -	\$ -	\$ -	\$ -	546
17	Operation Fuel	547	\$ -	\$ -	\$ -	\$ -	\$ -	547
18	Operation Generation Exp	548	\$ 1,295	\$ 1,295	\$ -	\$ -	\$ -	548
19	Misc. Other Power Gen Exp	549	\$ (3)	\$ (3)	\$ -	\$ -	\$ -	549
20	Operation Rents	550	\$ -	\$ -	\$ -	\$ -	\$ -	550
21	Maintenance Supv and Eng	551	\$ -	\$ -	\$ -	\$ -	\$ -	551
22	Maintenance of structures	552	\$ 6	\$ 6	\$ -	\$ -	\$ -	552
23	Maintenance of generating and elo	553	\$ 1,103	\$ 1,103	\$ -	\$ -	\$ -	553
24	Maint of Misc Other power gen plant	554	\$ -	\$ -	\$ -	\$ -	\$ -	554
25	Purchased Power	555	\$ -	\$ -	\$ -	\$ -	\$ -	555
26	System Control & Load Dispatch	556	\$ (105,324)	\$ (105,324)	\$ -	\$ -	\$ -	556
27	System Control & Dispatch Other	557	\$ (240,451)	\$ (240,451)	\$ -	\$ -	\$ -	557
28	Transmission Ops Supr & Engr	560	\$ (618,624)	\$ (618,624)	\$ -	\$ -	\$ -	560
29	Transmission Load Dispatching -reliability	5611	\$ -	\$ -	\$ -	\$ -	\$ -	5611
30	Monitor and operate transmission-sys	5612	\$ (140,536)	\$ (140,536)	\$ -	\$ -	\$ -	5612
31	Trans service and scheduling	5613	\$ -	\$ -	\$ -	\$ -	\$ -	5613
32	Schedule system control and dispatch ser	5614	\$ -	\$ -	\$ -	\$ -	\$ -	5614
33	Reliability planning and standards deve	5615	\$ (32,819)	\$ (32,819)	\$ -	\$ -	\$ -	5615
34	Reliability planning and standards deve s	5618	\$ -	\$ -	\$ -	\$ -	\$ -	5618
35	Transmission Station Equipment	562	\$ 862	\$ 862	\$ -	\$ -	\$ -	562
36	Trans OH Line Expense	563	\$ (1,482)	\$ (1,482)	\$ -	\$ -	\$ -	563
37	Underground Line Expenses	564	\$ -	\$ -	\$ -	\$ -	\$ -	564
38	Wheeling	565	\$ -	\$ -	\$ -	\$ -	\$ -	565
39	Misc. Transmission Expenses	566	\$ (119,996)	\$ (119,996)	\$ -	\$ -	\$ -	566
40	Rents	567	\$ (7)	\$ (7)	\$ -	\$ -	\$ -	567
41	SPP Admin - MAM&SC	5757	\$ -	\$ -	\$ -	\$ -	\$ -	5757
42	Maint. Supv. And Eng.	568	\$ (839)	\$ (839)	\$ -	\$ -	\$ -	568
43	Maint. Of Structures	569	\$ 25	\$ 25	\$ -	\$ -	\$ -	569
44	Maint. Of computer hardware	5691	\$ (1,517)	\$ (1,517)	\$ -	\$ -	\$ -	5691
45	Maint. Of computer software	5692	\$ (14,375)	\$ (14,375)	\$ -	\$ -	\$ -	5692
46	Maint. Of computer equip	5693	\$ -	\$ -	\$ -	\$ -	\$ -	5693
47	Transmission Maint Station Equip	570	\$ (12,225)	\$ (12,225)	\$ -	\$ -	\$ -	570
48	Transmission Maint OH Line Exp	571	\$ 176	\$ 176	\$ -	\$ -	\$ -	571

Public Utility Commission of Texas  
Docket No. 46449 SWEPCO  
Test Year End: 03/31/2020  
SUMMARY ADJUSTMENTS TO COMPANY TEST YEAR

OPERATIONS AND MAINTENANCE EXPENSE

		Summary Adjustments	Summary Adjust 1-10	Summary Adjust 11-20	Summary Adjust 21-30	Summary Adjust 31-40	
	Acct. No	(a)	(b)	(c)	(d)	(e)	Acct. No
49	Maint. Of Underground Lines	\$ 572	\$ -	\$ -	\$ -	\$ -	572
50	Maint. Of Misc. Transmission	\$ 573	\$ (104)	\$ (104)	\$ -	\$ -	573
51	Distribution Ops Supr & Engr	\$ 580	\$ (96,116)	\$ (96,116)	\$ -	\$ -	580
52	Distribution Load Dispatching	\$ 581	\$ -	\$ -	\$ -	\$ -	581
53	Distribution Station Expenses	\$ 582	\$ (11,867)	\$ (11,867)	\$ -	\$ -	582
54	Distribution OH Line Expenses	\$ 583	\$ (12,428)	\$ (12,428)	\$ -	\$ -	583
55	Underground Line Expenses	\$ 584	\$ 2,532	\$ 2,532	\$ -	\$ -	584
56	Street Lighting & Signal Sys	\$ 585	\$ 132	\$ 132	\$ -	\$ -	585
57	Meter Expenses	\$ 586	\$ (781)	\$ (781)	\$ -	\$ -	586
58	Customer Installations	\$ 587	\$ 1,572	\$ 1,572	\$ -	\$ -	587
59	Miscellaneous Distribution Exp	\$ 588	\$ (1,280)	\$ (1,280)	\$ -	\$ -	588
60	Rents	\$ 589	\$ (1,140)	\$ (1,140)	\$ -	\$ -	589
61	Distribution Maint Supr & Engr	\$ 590	\$ (49)	\$ (49)	\$ -	\$ -	590
62	Maint. Of Structures	\$ 591	\$ 46	\$ 46	\$ -	\$ -	591
63	Distribution Maint Station Equip	\$ 592	\$ (2,354)	\$ (2,354)	\$ -	\$ -	592
64	Distribution Maint OH lines	\$ 593	\$ 21,676	\$ 21,676	\$ -	\$ -	593
65	Underground Line Expenses	\$ 594	\$ 1,089	\$ 1,089	\$ -	\$ -	594
66	Dist Maint Line Trmf, Regulators	\$ 595	\$ 413	\$ 413	\$ -	\$ -	595
67	Maint Street Light & Signal Sys	\$ 596	\$ 700	\$ 700	\$ -	\$ -	596
68	Maintenance of Meters	\$ 597	\$ 2,026	\$ 2,026	\$ -	\$ -	597
69	Maint of Misc Distr Plant	\$ 598	\$ 1,224	\$ 1,224	\$ -	\$ -	598
70	Supervision - Customer Accts	\$ 901	\$ (4,674)	\$ (3,617)	\$ (1,057)	\$ -	901
71	Meter Reading Exp	\$ 902	\$ (505)	\$ (505)	\$ -	\$ -	902
72	Customer Records & Collection	\$ 903	\$ (738,595)	\$ (738,595)	\$ -	\$ -	903
73	Customer Deposit Interest	\$ 903.2	\$ (1,041,156)	\$ (1,041,156)	\$ -	\$ -	903.2
74	Uncollectible Accounts	\$ 904	\$ -	\$ -	\$ -	\$ -	904
75	Miscellaneous	\$ 905	\$ (2,224)	\$ (2,224)	\$ -	\$ -	905
76	Factoring Expense	\$ 426.5	\$ -	\$ -	\$ -	\$ -	426.5
77		\$ -	\$ -	\$ -	\$ -	\$ -	
78	Customer Service and Information	\$ 906	\$ -	\$ -	\$ -	\$ -	906
79	Supervision	\$ 907	\$ (3,871)	\$ (3,871)	\$ -	\$ -	907
80	Customer Assistance	\$ 908	\$ 5,034	\$ 5,034	\$ -	\$ -	908
81	Information & Instr Advertising	\$ 909	\$ 31,644	\$ 31,644	\$ -	\$ -	909
82	Misc. Cust. Service and Information	\$ 910	\$ (1,651)	\$ (1,651)	\$ -	\$ -	910
83	Sales Supervision	\$ 911	\$ -	\$ -	\$ -	\$ -	911
84	Demonstrating & Selling Exp	\$ 912	\$ (220)	\$ (220)	\$ -	\$ -	912
85	Advertising Expense	\$ 913	\$ -	\$ -	\$ -	\$ -	913
86	Misc. Sales Expense	\$ 916	\$ -	\$ -	\$ -	\$ -	916
87	Sales Expense	\$ 917	\$ -	\$ -	\$ -	\$ -	917
88	Total O&M Adjustment	\$ (19,749,394)	\$ (19,748,228)	\$ (1,166)	\$ -	\$ -	
89	Administrative & General						
90	Admin & General Salaries	\$ 920	\$ (2,021,665)	\$ (2,002,388)	\$ (19,277)	\$ -	920
91	Office Supplies & Exp	\$ 921	\$ (2,085)	\$ (2,085)	\$ -	\$ -	921
92	Admin Expenses Transferred	\$ 922	\$ (15,049)	\$ (15,049)	\$ -	\$ -	922
93	Outside Services	\$ 923	\$ (80)	\$ (80)	\$ -	\$ -	923
94	Property Insurance	\$ 924	\$ (442,574)	\$ (442,574)	\$ -	\$ -	924
95	Injuries & Damages	\$ 925	\$ (14)	\$ 15	\$ (29)	\$ -	925
96	Employee Pensions & Benefits	\$ 926	\$ (533,498)	\$ (533,498)	\$ -	\$ -	926
97	Regulatory Commission Exp	\$ 928	\$ (175,658)	\$ (175,643)	\$ (15)	\$ -	928
98	Duplicate Charges	\$ 929	\$ -	\$ -	\$ -	\$ -	929
99	General Advertising Exp	\$ 9301	\$ (26)	\$ (26)	\$ -	\$ -	9301
100	Miscellaneous	\$ 9302	\$ (27,458)	\$ (27,350)	\$ (108)	\$ -	9302
101	Rents	\$ 931	\$ -	\$ -	\$ -	\$ -	931
102	Maint. Of General Plant	\$ 935	\$ (5,628)	\$ (5,628)	\$ -	\$ -	935
103	TOTAL Administrative & General Adjustment	\$ (3,223,735)	\$ (3,204,306)	\$ (19,429)	\$ -	\$ -	
104	TOTAL O & M EXPENSE Adjustment	\$ (22,973,129)	\$ (22,952,534)	\$ (20,595)	\$ -	\$ -	

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OPERATIONS AND MAINTENANCE EXPENSE

		Sum Adjustment													
CONFIDENTIAL ITEMS		Topic		1	2	3	4	5	6	7	8	9	10		
	Acct. No	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)		Acct. No	
1	Operations & Maintenance														
2	Prod. Operation and Supr	500	\$ (1,790,202)	\$ 38,576	\$ (720,654)	\$ (4,885)	\$ (1,341)	\$ (101,385)					\$ (1,000,513)	500	
3	Fuel-Reconcilable	501	\$ (3,322,699)	\$ 371	\$ (49,707)	\$ (77)	\$ (90)	\$ (6,612)					\$ (3,266,584)	501	
4	Fuel-Non Reconcilable	501	\$ -											501	
5	Steam Expenses	502	\$ (1,329,173)	\$ 50,169	\$ (11,582)	\$ (9,184)	\$ (24)	\$ (708)					\$ (1,357,844)	502	
6	Electric Expenses	505	\$ (439,351)	\$ 52,072	\$ (298)	\$ (7,858)	\$ -	\$ (33)					\$ (483,234)	505	
7	Misc Steam Power Expenses	506	\$ (3,822,065)	\$ 23,264	\$ (47,094)	\$ 16,204	\$ 768	\$ (7,441)					\$ (3,807,766)	506	
8	Rents	507	\$ (634)										\$ (634)	507	
9	Allowance Expense	509	\$ -											509	
10	Maintenance Supv and Eng	510	\$ (398,292)	\$ 28,738	\$ (25,736)	\$ (3,945)	\$ (40)	\$ (3,060)					\$ (394,249)	510	
11	Maintenance of structures	511	\$ (237,043)	\$ 6,084	\$ (41,242)	\$ (884)	\$ (59)	\$ (765)					\$ (200,177)	511	
12	Maintenance of boiler plant	512	\$ (3,987,369)	\$ 59,953	\$ (88,896)	\$ (9,151)	\$ (213)	\$ (2,001)					\$ (3,947,061)	512	
13	Maintenance of electric plant	513	\$ (187,823)	\$ 12,789	\$ (22,799)	\$ (2,352)	\$ (52)	\$ (651)					\$ (174,758)	513	
14	Maintenance of misc steam plant	514	\$ (1,097,601)	\$ 13,513	\$ (8,396)	\$ (1,749)	\$ (10)	\$ (246)					\$ (1,100,713)	514	
	Operation supervision and engineering	517	\$ -											517	
		528	\$ (468)		\$ (430)		\$ (1)	\$ (37)						528	
		529	\$ (26)		\$ (26)		\$ -							529	
		531	\$ (1)		\$ (1)									531	
		535	\$ (376)		\$ (324)		\$ (1)	\$ (51)						535	
		537	\$ (37)		\$ (31)		\$ -	\$ (6)						537	
		539	\$ (379)		\$ (373)		\$ -	\$ (6)						539	
15	Maintenance Supv and Eng	541	\$ -											541	
		542	\$ 1	\$ 1										542	
		544	\$ 5	\$ 8		\$ (3)								544	
		545	\$ (94)		\$ (64)		\$ -	\$ (30)						545	
16	Operation Supv and Eng	546	\$ -											546	
17	Operation Fuel	547	\$ -											547	
18	Operation Generation Exp	548	\$ 1,295	\$ 1,509		\$ (217)							\$ 3	548	
19	Misc. Other Power Gen Exp	549	\$ (3)										\$ (3)	549	
20	Operation Rents	550	\$ -											550	
21	Maintenance Supv and Eng	551	\$ -					\$ (1)					\$ 1	551	
22	Maintenance of structures	552	\$ 6	\$ 7		\$ (1)								552	
23	Maintenance of generating and ele	553	\$ 1,103	\$ 2,287	\$ (794)	\$ (323)	\$ (1)	\$ (73)					\$ 7	553	
24	Maint of Misc Other power gen plant	554	\$ -											554	
25	Purchased Power	555	\$ -											555	
26	System Control & Load Dispatch	556	\$ (105,324)		\$ (99,295)		\$ (182)	\$ (5,847)						556	
27	System Control & Dispatch Other	557	\$ (240,451)		\$ (222,215)		\$ (416)	\$ (17,820)						557	
28	Transmission Ops Supr & Engr	560	\$ (618,624)	\$ 10,636	\$ (423,274)	\$ (1,709)	\$ (640)	\$ (203,637)						560	
29	Transmission Load Dispatching -reliability	5611	\$ -											5611	
30	Monitor and operate transmission-sys	5612	\$ (140,536)	\$ 5	\$ (66,507)	\$ (1)	\$ (96)	\$ (73,937)						5612	
31	Trans service and scheduling	5613	\$ -											5613	
32	Schedule system controland disatch ser	5614	\$ -											5614	
33	Reliability planning and standards deve	5615	\$ (32,819)		\$ (15,744)		\$ (23)	\$ (17,052)						5615	
34	Reliability planning and standards deve ser	5618	\$ -											5618	
35	Transmission Station Equipment	562	\$ 862	\$ 1,774	\$ (456)	\$ (373)	\$ (1)	\$ (82)						562	
36	Trans OH Line Expense	563	\$ (1,482)	\$ 149	\$ (1,260)	\$ (14)	\$ (2)	\$ (355)						563	
37	Underground Line Expenses	564	\$ -											564	
38	Wheeling	565	\$ -											565	
39	Misc. Transmission Expenses	566	\$ (119,996)	\$ 2,166	\$ (94,452)	\$ 3,582	\$ (140)	\$ (31,152)						566	
40	Rents	567	\$ (7)		\$ (9)			\$ 2						567	
41	SPP Admin - MAM&SC	5757	\$ -											5757	
42	Maint. Supv. And Eng.	568	\$ (839)	\$ 24	\$ (641)	\$ (2)	\$ (1)	\$ (219)						568	
43	Maint. Of Structures	569	\$ 25	\$ 35	\$ (3)	\$ (4)		\$ (3)						569	
44	Maint. Of computer hardware	5691	\$ (1,517)		\$ (621)		\$ (1)	\$ (895)						5691	
45	Maint. Of computer software	5692	\$ (14,375)		\$ (9,777)		\$ (14)	\$ (4,584)						5692	
46	Maint. Of computer equip	5693	\$ -				\$ -							5693	
47	Transmission Maint Station Equip	570	\$ (12,225)	\$ 7,414	\$ (13,721)	\$ (1,135)	\$ (21)	\$ (4,762)						570	
48	Transmission Maint OH Line Exp	571	\$ 176	\$ 2,672	\$ (1,466)	\$ (440)	\$ (3)	\$ (587)						571	



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OPERATIONS AND MAINTENANCE EXPENSE

		Sum Adjustment		1	2	3	4	5	6	7	8	9	10
CONFIDENTIAL ITEMS		Topic	Payroll -SW	Payroll-AEP	Incen. SW	Incen. AEP	Affil. Carry Cost	Rate Case Ex	SERP SWEP	Pension	Int. Cust. Dep.	Dolet Hills	
	Acct. No	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	Acct. No
49	Maint. Of Underground Lines	572	\$ -										572
50	Maint. Of Misc. Transmission	573	\$ (104)	\$ (82)		\$ -	\$ (22)						573
51	Distribution Ops Supr & Engr	580	\$ (96,116)	\$ 4,793	\$ (76,204)	\$ (1,061)	\$ (149)	\$ (23,495)					580
52	Distribution Load Dispatching	581	\$ -										581
53	Distribution Station Expenses	582	\$ (11,867)	\$ 2,238	\$ (4,802)	\$ (328)	\$ (7)	\$ (8,968)					582
54	Distribution OH Line Expenses	583	\$ (12,428)	\$ (10,144)	\$ (26)	\$ (2,252)	\$ -	\$ (6)					583
55	Underground Line Expenses	584	\$ 2,532	\$ 4,522	\$ (890)	\$ (791)	\$ (2)	\$ (307)					584
56	Street Lighting & Signal Sys	585	\$ 132	\$ 189	\$ (57)								585
57	Meter Expenses	586	\$ (781)	\$ 18,786	\$ (12,545)	\$ (4,449)	\$ (18)	\$ (2,555)					586
58	Customer Installations	587	\$ 1,572	\$ 1,916	\$ (344)								587
59	Miscellaneous Distribution Exp	588	\$ (1,280)	\$ 68,063	\$ (72,249)	\$ 20,504	\$ 256	\$ (17,854)					588
60	Rents	589	\$ (1,140)				\$ (1,140)						589
61	Distribution Maint Supr & Engr	590	\$ (49)	\$ 894	\$ (557)	\$ (197)	\$ (1)	\$ (188)					590
62	Maint. Of Structures	591	\$ 46	\$ 51	\$ (5)	\$ -							591
63	Distribution Maint Station Equip	592	\$ (2,354)	\$ 4,950	\$ (5,858)	\$ (630)	\$ (9)	\$ (807)					592
64	Distribution Maint OH lines	593	\$ 21,676	\$ 41,554	\$ (3,124)	\$ (15,282)	\$ (6)	\$ (1,466)					593
65	Underground Line Expenses	594	\$ 1,089	\$ 1,351	\$ (262)								594
66	Dist Maint Line Trmf, Regulators	595	\$ 413	\$ 533	\$ (120)								595
67	MaintStreet Light & Signal Sys	596	\$ 700	\$ 978	\$ (278)								596
68	Maintenance of Meters	597	\$ 2,026	\$ 2,514	\$ (23)	\$ (462)	\$ -	\$ (3)					597
69	Maint of Misc Distr Plant	598	\$ 1,224	\$ 1,488	\$ (264)								598
70	Supervision - Customer Accts	901	\$ (3,617)	\$ 3,384	\$ (5,381)	\$ (830)	\$ (6)	\$ (784)					901
71	Meter Reading Exp	902	\$ (505)	\$ 12,738	\$ (9,553)	\$ (2,349)	\$ (11)	\$ (1,330)					902
72	Customer Records & Collection	903	\$ (738,595)	\$ 17,841	\$ (630,918)	\$ (3,548)	\$ (790)	\$ (121,180)					903
73	Customer Deposit Interest	903.2	\$ (1,041,156)								\$ (1,041,156)		903.2
74	Uncollectible Accounts	904	\$ -										904
75	Miscellaneous	905	\$ (2,224)	\$ (1,972)		\$ (2)	\$ (250)						905
76	Factoring Expense	426.5	\$ -										426.5
77			\$ -										
78	Customer Service and Information	906	\$ -										906
79	Supervision	907	\$ (3,871)	\$ 7,139	\$ (8,450)	\$ (1,456)	\$ (10)	\$ (1,094)					907
80	Customer Assistance	908	\$ 5,034	\$ 13,800	\$ (5,199)	\$ (3,069)	\$ (6)	\$ (492)					908
81	Information & Instr Advertising	909	\$ 31,644	\$ 31,644									909
82	Misc. Cust. Service and Information	910	\$ (1,651)	\$ (965)		\$ (2)	\$ (684)						910
83	Sales Supervision	911	\$ -										911
84	Demonstrating & Selling Exp	912	\$ (220)	\$ (200)		\$ -	\$ (20)						912
85	Advertising Expense	913	\$ -										913
86	Misc. Sales Expense	916	\$ -										916
87	Sales Expense	917	\$ -										917
88	Total O&M Adjustment		\$ (19,748,228)	\$ 545,438	\$ (2,806,886)	\$ (42,051)	\$ (3,367)	\$ (666,681)	\$ -	\$ -	\$ -	\$ (1,041,156)	\$ (15,733,525)
89	Administrative & General												
89	Admin & General Salaries	920	\$ (2,002,388)	\$ (1,529,202)	\$ (6,790)	\$ (2,531)	\$ (463,865)						920
90	Office Supplies & Exp	921	\$ (2,085)	\$ (54)		\$ (1)	\$ (2,030)						921
91	Admin Expenses Transferred	922	\$ (15,049)	\$ (15,049)									922
92	Outside Services	923	\$ (80)	\$ (70)		\$ 22	\$ (32)						923
93	Property Insurance	924	\$ (442,574)									\$ (442,574)	924
94	Injuries & Damages	925	\$ 15	\$ 1,487	\$ (994)	\$ (352)	\$ (2)	\$ (124)					925
95	Employee Pensions & Benefits	926	\$ (533,498)	\$ (1,638)		\$ (2)	\$ (330)		\$ (93,181)	\$ (436,347)			926
96	Regulatory Commission Exp	928	\$ (175,643)	\$ 15	\$ (115,937)	\$ (3)	\$ (210)	\$ (13,202)	\$ (46,306)				928
97	Duplicate Charges	929	\$ -										929
98	General Advertising Exp	9301	\$ (26)	\$ (24)		\$ -	\$ (2)						9301
99	Miscellaneous	9302	\$ (27,350)	\$ 806	\$ (12,855)	\$ (176)	\$ (20)	\$ (15,105)					9302
100	Rents	931	\$ -										931

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OPERATIONS AND MAINTENANCE EXPENSE

	CONFIDENTIAL ITEMS	Acct No	Sum Adjustment	1	2	3	4	5	6	7	8	9	10	Acct. No
			Topic	Payroll -SW	Payroll-AEP	Incen. SW	Incen. AEP	Affil. Carry Cost	Rate Case Ex	SERP SWEP	Pension	Int. Cust. Dep.	Dolet Hills	
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
101	Maint. Of General Plant	935	\$ (5,628)	\$ 11,634	\$ (12,847)	\$ (1,339)	\$ (20)	\$ (3,056)						935
103	TOTAL Administrative & General Adjustment		\$ (3,204,306)	\$ (1,107)	\$ (1,673,621)	\$ (8,660)	\$ (2,764)	\$ (497,746)	\$ (46,306)	\$ (93,181)	\$ (438,347)	\$ -	\$ (442,574)	
104	TOTAL O & M EXPENSE Adjustment		\$ (22,952,534)	\$ 544,331	\$ (4,480,507)	\$ (50,711)	\$ (6,131)	\$ (1,164,427)	\$ (46,306)	\$ (93,181)	\$ (438,347)	\$ (1,041,156)	\$ (16,176,099)	



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OPERATIONS AND MAINTENANCE EXPENSE

		Sum Adjustment	11	12	13	14	15	16	17	18	19	20	
		Topic	Ex. Per. SWEPCO	EX. Per. AEP.	Retired Plants								
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	Acct. No
Operations & Maintenance													
1	Prod. Operation and Supr	500	\$ (109)	\$ (109)									500
2	Fuel-Reconcilable	501	\$ -										501
3	Fuel-Non Reconcilable	501	\$ -										501
4	Steam Expenses	502	\$ -										502
5	Electric Expenses	505	\$ -										505
6	Misc Steam Power Expenses	506	\$ -										506
7	Rents	507	\$ -										507
8	Allowance Expense	509	\$ -										509
9	Maintenance Supv and Eng	510	\$ -										510
10	Maintenance of structures	511	\$ -										511
11	Maintenance of boiler plant	512	\$ -										512
12	Maintenance of electric plant	513	\$ -										513
13	Maintenance of misc steam plant	514	\$ -										514
14	Operation supervision and engineering	517	\$ -										517
		528	\$ -										528
		529	\$ -										529
		531	\$ -										531
		535	\$ -										535
		537	\$ -										537
		539	\$ -										539
15	Maintenance Supv and Eng	541	\$ -										541
		542	\$ -										542
		544	\$ -										544
		545	\$ -										545
16	Operation Supv and Eng	546	\$ -										546
17	Operation Fuel	547	\$ -										547
18	Operation Generation Exp	548	\$ -										548
19	Misc. Other Power Gen Exp	549	\$ -										549
20	Operation Rents	550	\$ -										550
21	Maintenance Supv and Eng	551	\$ -										551
22	Maintenance of structures	552	\$ -										552
23	Maintenance of generating and ele	553	\$ -										553
24	Maint of Misc Other power gen plant	554	\$ -										554
25	Purchased Power	555	\$ -										555
26	System Control & Load Dispatch	556	\$ -										556
27	System Control & Dispatch Other	557	\$ -										557
28	Transmission Ops Supr & Engr	560	\$ -										560
29	Transmission Load Dispatching-reliabilit	5611	\$ -										5611
30	Monitor and operate transmission-sys	5612	\$ -										5612
31	Trans service and scheduling	5613	\$ -										5613
32	Schedule system control and dispatch ser	5614	\$ -										5614
33	Reliability planning and standards deve	5615	\$ -										5615
34	Reliability planning and standards deve s	5618	\$ -										5618
35	Transmission Station Equipment	562	\$ -										562
36	Trans OH Line Expense	563	\$ -										563
37	Underground Line Expenses	564	\$ -										564
38	Wheeling	565	\$ -										565
39	Misc. Transmission Expenses	566	\$ -										566
40	Rents	567	\$ -										567
41	SPP Admin - MAM&SC	5757	\$ -										5757
42	Maint. Supv. And Eng.	568	\$ -										568
43	Maint. Of Structures	569	\$ -										569
44	Maint. Of computer hardware	5691	\$ -										5691
45	Maint. Of computer software	5692	\$ -										5692
46	Maint. Of computer equip	5693	\$ -										5693
47	Transmission Maint Station Equip	570	\$ -										570
48	Transmission Maint OH Line Exp	571	\$ -										571
49	Maint. Of Underground Lines	572	\$ -										572
50	Maint. Of Misc. Transmission	573	\$ -										573
51	Distribution Ops Supr & Engr	580	\$ -										580
52	Distribution Load Dispatching	581	\$ -										581
53	Distribution Station Expenses	582	\$ -										582

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OPERATIONS AND MAINTENANCE EXPENSE

		Sum Adjustment	11	12	13	14	15	16	17	18	19	20	
	Acct. No	Topic	Ex. Per. SWEPCO	EX. Per. AEP	Retired Plants								Acct. No
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
54	Distribution OH Line Expenses	583	\$ -										583
55	Underground Line Expenses	584	\$ -										584
56	Street Lighting & Signal Sys	585	\$ -										585
57	Meter Expenses	586	\$ -										586
58	Customer Installations	587	\$ -										587
59	Miscellaneous Distribution Exp	588	\$ -										588
60	Rents	589	\$ -										589
61	Distribution Maint Supr & Engr	590	\$ -										590
62	Maint. Of Structures	591	\$ -										591
63	Distribution Maint Station Equip	592	\$ -										592
64	Distribution Maint OH lines	593	\$ -										593
65	Underground Line Expenses	594	\$ -										594
66	Dist Maint Line Trmf, Regulators	595	\$ -										595
67	Maint Street Light & Signal Sys	596	\$ -										596
68	Maintenance of Meters	597	\$ -										597
69	Maint of Misc Distr Plant	598	\$ -										598
70	Supervision - Customer Accts	901	\$ (1,057)	\$ (1,057)									901
71	Meter Reading Exp	902	\$ -										902
72	Customer Records & Collection	903	\$ -										903
73	Customer Deposit Interest	903.2	\$ -										903.2
74	Uncollectible Accounts	904	\$ -										904
75	Miscellaneous	905	\$ -										905
76	Factoring Expense	426.5	\$ -										426.5
77			\$ -										
78	Customer Service and Information	906	\$ -										906
79	Supervision	907	\$ -										907
80	Customer Assistance	908	\$ -										908
81	Information & Instr Advertising	909	\$ -										909
82	Misc. Cust. Service and Information	910	\$ -										910
83	Sales Supervision	911	\$ -										911
84	Demonstrating & Selling Exp	912	\$ -										912
85	Advertising Expense	913	\$ -										913
86	Misc. Sales Expense	916	\$ -										916
87	Sales Expense	917	\$ -										917
			\$ -										
88	Total O&M Adjustment		\$ (1,166)	\$ (1,057)	\$ (109)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Administrative & General												
89	Admin & General Salaries	920	\$ (19,277)	\$ (11,054)	\$ (8,223)								920
90	Office Supplies & Exp	921	\$ -										921
91	Admin Expenses Transferred	922	\$ -										922
92	Outside Services	923	\$ -										923
93	Property Insurance	924	\$ -										924
94	Injuries & Damages	925	\$ (29)		\$ (29)								925
95	Employee Pensions & Benefits	926	\$ -										926
96	Regulatory Commission Exp	928	\$ (15)		\$ (15)								928
97	Duplicate Charges	929	\$ -										929
98	General Advertising Exp	9301	\$ -										9301
99	Miscellaneous	9302	\$ (108)		\$ (108)								9302
100	Rents	931	\$ -										931
101	Maint. Of General Plant	935	\$ -										935
103	TOTAL Administrative & General Adjustment		\$ (19,429)	\$ (11,054)	\$ (8,375)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
104	TOTAL O & M EXPENSE Adjustment		\$ (20,595)	\$ (12,111)	\$ (8,484)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Docket No. 46449 SWEPCO  
Test Year End: 03/31/2020  
ADJUSTMENTS TO COMPANY TEST YEAR RATE BASE

		Total Rate Base Adj		1	2	3	4	5	6	7	8	9	
INVESTED CAPITAL		Topic		Dolet Hills	Cap Fin. Inc.	ADFIT NOL ADJ 1	ADFIT NOL ADJ 2	Retired					
		Acct. No	(a)	(b)	(c)	(d)	(e)	Generating Units	Oxbow	(h)	(i)	(j)	Acct. No
1	Plant in Service	101	\$ (339,874,755)	#####									101
2	Accumulated Depreciation	108	\$ 287,582,107	\$ 300,801,271	\$ 1,306			\$ (13,240,470)					108
3			\$ -										
4	Net Plant in Service		\$ -										
5			\$ -										
6	Construction Work in Progress	107	\$ -										107
7	Plant Held for Future Use	105	\$ -										105
8	Dolet Hills Mine FAS 143 ARO Asset	102	\$ -										101.6
9	Capitalized leases	1011	\$ -										1011
10	Completed Construction Not Classified	106	\$ -										106
11	Plant Acquisition	114	\$ -										114
12	Investment in Associated Companies	123	\$ -										
13	Other Electric Plant Adjustments	116	\$ (43,345)		\$ (43,345)								116
14	Working Cash Allowance		\$ -										
15	Materials and Supplies	154	\$ -										154
16	Fuel Inventories	151/152	\$ -										151/152
17	Prepayments	165	\$ -										165
18	SFAS #109 Regulatory Assets & Liabilities	1823/254	\$ -										1823/254
19	Accumulated DFIT - Reg Assets and Liabilities		\$ -										
20	Accumulated Deferred Federal Income Taxes		\$ (445,079,607)			\$ (455,122,490)	\$ 10,042,883						
21	Rate Base - Other		\$ -										
22	IPP Credit	2530067	\$ -										2530067
23	Trading Deposits	1340018/134004	\$ -										1340018/1340048
24	Excess Earnings Deferral	2540052	\$ -										2540052
25	Advances for Construction	2520000	\$ -										2520000
26	Net CCS Feed Study Costs	1823306	\$ -										1823306
27	T.V. Pole Attachments	2530050	\$ -										2530050
28	Sabine Mine Reclamation	2420059	\$ -										2420059
29	Investment in Oxbow		\$ (16,576,181)						\$ (16,576,181)				
30	Customer Deposits	2350	\$ -										2350
31	TOTAL INVESTED CAPITAL (RATE BASE)		\$ (514,011,781)	\$ (39,073,484)	\$ (42,039)	\$ (455,122,490)	\$ 10,042,883	\$ (13,240,470)	\$ (16,576,181)	\$ -	\$ -	\$ -	

	Co Request	Staff Adjustment	Staff Depr & Amort
Production	\$ 127,726,011	\$ (10,525,816)	\$ 117,200,195
Transmission	\$ 47,949,610	\$ -	\$ 47,949,610
Distribution	\$ 64,202,401	\$ -	\$ 64,202,401
General	\$ 6,770,784	\$ -	\$ 6,770,784
Amortization - Intangible	\$ 22,714,099	\$ (1,855,750)	\$ 20,858,349
Amortization - Texas Impairment	\$ (1,209,820)	\$ (1,306)	\$ (1,211,126)
TOTAL	\$ 268,153,085	\$ (12,382,872)	\$ 255,770,213

SOUTHWESTERN ELECTRIC POWER COMPANY  
Cash Working Capital Results  
For the test year ended June 30, 2016

Line No.	(1) Description	(2) SWEPCO Adjusted Test Year	(3) Adjustment	(4) Staff Adjusted Test Year Amount	(5) Avg. Daily Expense	(6) Revenue Lag Days	(7) Expense Lead Days	(8) Net (Lead)/Lag	(9) Working Capital Requirement
1	Operation & Maintenance Expense								
2	Fuel								
3	Coal	\$ 165,804,222		\$ 165,804,222	\$ 454,258	4.73	-19.66973681	-14.94	\$ (5,786,497)
4	Oil	\$ 89,538,282		\$ 89,538,282	\$ 245,310	4.73	-26.15457889	-21.42	\$ (5,255,671)
5	Gas	\$ 1,609,996		\$ 1,609,996	\$ 4,411	4.73	-40.12437723	-35.39	\$ (156,123)
6	Lignite	\$ 153,199,030		\$ 153,199,030	\$ 419,723	4.73	-30.75113026	-25.02	\$ (10,921,676)
7	Purchased Power	\$ 207,609,120		\$ 207,609,120	\$ 568,792	4.73	-36.54	-31.81	\$ (18,093,277)
8	Other O&M	\$ 527,727,608	\$ (22,642,161)	\$ 505,085,447	\$ 1,383,796	4.73	-39.92	-35.19	\$ (48,695,772)
9	Federal Income Taxes								
10	FIT Current	\$ 12,056,739		\$ 26,946,098	\$ 73,825	4.73	-36.5	-31.77	\$ (2,345,418)
11	FIT Deferred	\$ 8,260,610		\$ 18,461,974	\$ 50,581	0	0	0.00	\$ -
12	State Income Taxes								
13	Current	\$ (0)	\$ -	\$ (0)	\$ (0)	4.73	-36.5	-31.77	\$ 0
14	Deferred	\$ -	\$ -	\$ -	\$ -	0	0	0.00	\$ -
15	Taxes Other Than Income Taxes								
16	Payroll Taxes	\$ 7,098,502	\$ (258,162)	\$ 6,840,340	\$ 18,741	4.73	-22.36	-17.83	\$ (330,398)
17	Local Franchise Tax	\$ 12,380,638	\$ (830,022)	\$ 11,550,616	\$ 31,646	4.73	-66.54	-61.81	\$ (1,956,010)
18	Public Utility Commission Tax	\$ 2,185,861	\$ (205,230)	\$ 1,980,631	\$ 5,426	4.73	-306.3	-301.57	\$ (1,636,436)
19	Texas State Gross Margin Tax	\$ (495,820)	\$ (389,937)	\$ (885,757)	\$ (2,427)	4.73	46	50.73	\$ (123,108)
21	Arkansas Ad Valorem Taxes	\$ 17,071,951	\$ -	\$ 17,071,951	\$ 46,772	4.73	-393.65	-388.92	\$ (18,190,749)
22	All Other States Valorem Taxes	\$ 50,392,556	\$ (4,041,090)	\$ 46,351,466	\$ 126,990	4.73	-188.3	-183.57	\$ (23,311,613)
23	Texas State Gross Receipts Tax	\$ 6,266,507	\$ (1,289,504)	\$ 4,977,003	\$ 13,636	4.73	-75	-70.27	\$ (958,175)
24	Other Taxes Other Than Income	\$ 1,703	\$ -	\$ 1,703	\$ 5	4.73	-4.73	0.00	\$ -
25	Interest on Customer Deposits	\$ 1,438,097	\$ (1,041,156)	\$ 396,941	\$ 1,088	4.73	-164.16	-159.43	\$ (173,382)
26	Depreciation Expense						0	0.00	\$ -
27	Return						0	0.00	\$ -
28	Subtotal	\$ 2,522,853,107	\$ (30,697,262)	\$ 1,301,947,134					\$ (138,934,305)
29	Working Funds and Other								\$ (2,706,814)
30	Total								\$ (141,641,119)

\* Source: WP E-1-1

Company Request \$ (145,220,159)

Adjustment to  
Company Request \$ 3,579,040

**CAPITAL STRUCTURE AND COST OF CAPITAL:**

	<u>Ratio</u>	<u>Cost</u>	<u>Weighted Cost</u>
Long-term Debt	50.63%	4.08%	2.0656096%
Equity	49.37%	9.23%	4.5545959%
TOTAL	100.00%		6.62%

## STAFF ADJUSTMENT TO SWEPCO PAYROLL

SOUTHWESTERN ELECTRIC POWER COMPANY CALCULATION OF PAYROLL ANNUALIZATION - Response to Staff 5-27 AS OF 10/31/2020					SWEPCO Proposed Adj. A-3.1 RFP	Staff Adj. to SWEPCO Request
Test year actual regular pay less joint billings FERC	Total	Annualized Payroll	Revised Adjustment			
5000	\$ 5,273,166	\$ 5,463,663	\$ 190,498		\$ 151,922	\$ 38,576
5010	\$ 50,682	\$ 52,513	\$ 1,831		\$ 1,460	\$ 371
5020	\$ 6,857,893	\$ 7,105,641	\$ 247,747		\$ 197,578	\$ 50,169
5050	\$ 7,117,976	\$ 7,375,119	\$ 257,143		\$ 205,071	\$ 52,072
5060	\$ 3,180,083	\$ 3,294,966	\$ 114,883		\$ 91,619	\$ 23,264
5100	\$ 3,928,392	\$ 4,070,308	\$ 141,917		\$ 113,178	\$ 28,738
5110	\$ 831,627	\$ 861,671	\$ 30,043		\$ 23,959	\$ 6,084
5120	\$ 8,195,282	\$ 8,491,344	\$ 296,062		\$ 236,109	\$ 59,953
5130	\$ 1,748,176	\$ 1,811,331	\$ 63,154		\$ 50,366	\$ 12,789
5140	\$ 1,847,164	\$ 1,913,895	\$ 66,730		\$ 53,217	\$ 13,513
5420	\$ 197	\$ 204	\$ 7		\$ 6	\$ 1
5440	\$ 1,125	\$ 1,166	\$ 41		\$ 32	\$ 8
5480	\$ 206,327	\$ 213,781	\$ 7,454		\$ 5,944	\$ 1,509
5520	\$ 986	\$ 1,021	\$ 36		\$ 28	\$ 7
5530	\$ 312,657	\$ 323,952	\$ 11,295		\$ 9,008	\$ 2,287
5600	\$ 1,453,939	\$ 1,506,464	\$ 52,525		\$ 41,888	\$ 10,636
5612	\$ 694	\$ 720	\$ 25		\$ 20	\$ 5
5620	\$ 242,445	\$ 251,203	\$ 8,759		\$ 6,985	\$ 1,774
5630	\$ 20,394	\$ 21,131	\$ 737		\$ 588	\$ 149
5660	\$ 296,121	\$ 306,819	\$ 10,698		\$ 8,531	\$ 2,166
5680	\$ 3,235	\$ 3,352	\$ 117		\$ 93	\$ 24
5690	\$ 4,743	\$ 4,914	\$ 171		\$ 137	\$ 35
5700	\$ 1,013,440	\$ 1,050,052	\$ 36,611		\$ 29,198	\$ 7,414
5710	\$ 365,267	\$ 378,463	\$ 13,196		\$ 10,523	\$ 2,672
5800	\$ 655,175	\$ 678,844	\$ 23,669		\$ 18,876	\$ 4,793
5820	\$ 305,879	\$ 316,929	\$ 11,050		\$ 8,812	\$ 2,238
5830	\$ (1,386,701)	\$ (1,436,797)	\$ (50,096)		\$ (39,951)	\$ (10,144)
5840	\$ 618,150	\$ 640,482	\$ 22,331		\$ 17,809	\$ 4,522
5850	\$ 25,818	\$ 26,751	\$ 933		\$ 744	\$ 189
5860	\$ 2,568,022	\$ 2,660,794	\$ 92,772		\$ 73,986	\$ 18,786
5870	\$ 261,908	\$ 271,370	\$ 9,462		\$ 7,546	\$ 1,916
5880	\$ 9,303,952	\$ 9,640,065	\$ 336,113		\$ 268,050	\$ 68,063
5900	\$ 122,227	\$ 126,643	\$ 4,416		\$ 3,521	\$ 894
5910	\$ 6,927	\$ 7,177	\$ 250		\$ 200	\$ 51
5920	\$ 676,656	\$ 701,101	\$ 24,445		\$ 19,495	\$ 4,950
5930	\$ 5,680,298	\$ 5,885,504	\$ 205,206		\$ 163,651	\$ 41,554
5940	\$ 184,702	\$ 191,375	\$ 6,673		\$ 5,321	\$ 1,351
5950	\$ 72,805	\$ 75,436	\$ 2,630		\$ 2,098	\$ 533
5960	\$ 133,719	\$ 138,550	\$ 4,831		\$ 3,852	\$ 978
5970	\$ 343,709	\$ 356,125	\$ 12,417		\$ 9,902	\$ 2,514
5980	\$ 203,351	\$ 210,697	\$ 7,346		\$ 5,859	\$ 1,488
9010	\$ 462,559	\$ 479,269	\$ 16,710		\$ 13,326	\$ 3,384
9020	\$ 1,741,189	\$ 1,804,091	\$ 62,902		\$ 50,164	\$ 12,738
9030	\$ 2,438,820	\$ 2,526,925	\$ 88,105		\$ 70,263	\$ 17,841
9070	\$ 975,874	\$ 1,011,128	\$ 35,254		\$ 28,115	\$ 7,139
9080	\$ 1,886,333	\$ 1,954,479	\$ 68,145		\$ 54,346	\$ 13,800
9200	\$ 4,325,628	\$ 4,481,895	\$ 156,267		\$ 124,623	\$ 31,644
9220	\$ (2,057,088)	\$ (2,131,402)	\$ (74,314)		\$ (59,265)	\$ (15,049)
9250	\$ 203,306	\$ 210,650	\$ 7,345		\$ 5,857	\$ 1,487
9280	\$ 1,995	\$ 2,067	\$ 72		\$ 57	\$ 15
9302	\$ 110,133	\$ 114,112	\$ 3,979		\$ 3,173	\$ 806
9350	\$ 1,590,352	\$ 1,647,805	\$ 57,453		\$ 45,819	\$ 11,634
	\$ 74,407,712	\$ 77,095,756	\$ 2,688,044		\$ 2,143,713	\$ 544,331

Staff Adjustment to  
SWEPCO Request

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

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

**Question No. Staff 5-27:**

Provide the most recent payroll annualized by FERC account separately for SWEPCO and for the amounts allocated to SWEPCO by AEPSC and include a detailed explanation of the calculations.

**Response No. Staff 5-27:**

Please refer to Staff 5-27 Attachment 1 for most recent payroll annualized by FERC account for amounts allocated to SWEPCO by AEPSC. The Company repeated the same process as was done for proforma adjustment calculation. The Company took the most recent payroll in October 2020 and calculated the base labor that was allocated to SWEPCO by AEPSC and then annualized that base labor amount. The Company then compared that to the test year base labor that was allocated to SWEPCO by AEPSC to calculate the proforma adjustment.

Please see Staff 5-27 Attachment 2 for the annualization of SWEPCO base payroll as of October 31, 2020. The Company used the same process in preparing this response as was used in its payroll proforma adjustment. Using the employees on the payroll roles as of October 31, 2020, the amounts were reduced to reflect the SWEPCO percentage of ownership for those locations they share ownership with other companies. This amount was distributed to FERC accounts based on the historic regular pay for the test year and a variance was calculated by comparing those two amounts.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting



SOUTHWESTERN ELECTRIC POWER COMPANY  
CALCULATION OF PAYROLL ANNUALIZATION  
AS OF 10/31/2020

Test year actual regular pay  
less joint billings

FERC	Total	Annualized Payroll	Adjustment
1070	30,831,093.27	31,944,893.50	1,113,800.23
1080	5,789,925.40	5,999,091.52	209,166.12
1510	426,890.48	442,312.27	15,421.79
1520	3,911,766.75	4,053,082.75	141,316.00
1850	169,598.01	175,724.89	6,126.88
1860	230,580.73	238,910.66	8,329.93
1880	(1,060.85)	(1,099.17)	(38.32)
4010	5,581.07	5,782.69	201.62
4264	212,821.72	220,510.09	7,688.37
4265	80,420.87	83,326.14	2,905.27
4560	(46,033.45)	(47,686.44)	(1,653.00)
5000	5,273,185.54	5,463,663.28	190,477.72
5010	50,682.31	52,513.25	1,830.94
5020	6,857,893.21	7,105,640.60	247,747.39
5050	7,117,975.61	7,375,118.71	257,143.10
5060	3,180,083.01	3,294,966.29	114,883.28
5100	3,928,391.88	4,070,308.47	141,916.59
5110	831,627.27	861,670.54	30,043.26
5120	8,185,282.43	8,491,344.18	296,061.75
5130	1,748,176.30	1,811,330.70	63,154.40
5140	1,847,164.41	1,913,894.84	66,730.43
5420	195.70	203.80	7.11
5440	1,125.43	1,166.09	40.66
5480	206,327.41	213,781.17	7,453.76
5520	985.67	1,021.28	35.61
5530	312,657.10	323,952.11	11,295.01
5600	1,453,938.91	1,506,463.72	52,524.82
5612	694.47	719.58	25.09
5620	242,444.96	251,203.50	8,758.54
5630	20,394.23	21,130.99	736.76
5680	296,121.33	306,818.98	10,697.64
5680	3,234.79	3,351.65	116.86
5690	4,743.03	4,914.38	171.35
5700	1,013,440.12	1,050,051.53	36,611.41
5710	365,267.36	378,462.96	13,195.60
5800	655,175.46	678,844.25	23,668.79
5820	305,878.90	316,929.05	11,050.14
5830	(1,386,700.78)	(1,436,796.56)	(50,095.78)
5840	618,150.40	640,481.62	22,331.22
5850	25,818.41	26,751.13	932.71
5880	2,568,021.78	2,680,793.81	92,772.03
5870	261,908.04	271,369.70	9,461.66
5880	9,303,951.96	9,640,065.37	336,113.41
5900	122,227.37	126,642.94	4,415.57
5910	6,926.67	7,176.90	250.23
5920	676,655.72	701,100.50	24,444.78
5930	5,680,297.86	5,885,503.59	205,205.73
5940	184,702.21	191,374.74	6,672.53
5950	72,805.36	75,435.52	2,630.16
5960	133,719.10	138,549.82	4,830.72
5970	343,708.51	356,125.28	12,416.77
5980	203,351.12	210,697.35	7,346.24
9010	462,558.57	479,268.90	16,710.33
9020	1,741,188.93	1,804,090.91	62,901.97
9030	2,438,820.00	2,526,924.50	88,104.51
9070	975,873.86	1,011,128.16	35,254.30
9080	1,886,333.21	1,954,478.65	68,145.44
9200	4,325,627.65	4,481,894.95	156,267.09
9220	(2,057,087.95)	(2,131,402.05)	(74,314.10)
9250	203,305.74	210,650.33	7,344.60
9280	1,994.70	2,066.76	72.06
9302	110,133.05	114,111.70	3,978.65
9350	1,590,352.34	1,647,805.21	57,452.87
Grand Total	116,019,295.87	120,210,594.48	4,191,298.61

adj to exp = 2,688,044  
SWEPD Reg. 2,143,713  
staff adj. 544,331

Allow to FERC acc'ts  
based on SWEPD's adj.

Base payroll - joint plant billings  
(5,825,400.11)  
G-1.1 base 121,844,695.98

SOUTHWESTERN ELECTRIC POWER COMPANY  
Payroll Normalization Expense  
For the Test Year Ended March 31, 2020

Line No.	(1) Description	(2) Schedule A Reference	(3) Workpaper Reference	(4) Acct Reference	(5) Exp Amt As Adjusted	(6) TY Amt Per Books	(7) Total Adjustment
1	Payroll Normalization	Sch A, In 4	WPIA-3.1	5000	5,425,087.31	\$ 5,273,166	\$ 151,922
2		Sch A, In 3	WPIA-3.1	5010	52,142.49	50,682	\$ 1,460
3		Sch A, In 4	WPIA-3.1	5020	7,055,471.54	6,657,893	\$ 197,578
4		Sch A, In 4	WPIA-3.1	5050	7,323,047.01	7,117,976	\$ 205,071
5		Sch A, In 4	WPIA-3.1	5060	3,271,702.32	3,180,083	\$ 91,619
6		Sch A, In 4	WPIA-3.1	5100	4,041,570.24	3,928,392	\$ 113,178
7		Sch A, In 4	WPIA-3.1	5110	855,586.75	831,627	\$ 23,959
8		Sch A, In 4	WPIA-3.1	5120	8,431,391.42	8,195,282	\$ 236,109
9		Sch A, In 4	WPIA-3.1	5130	1,798,541.88	1,748,176	\$ 50,366
10		Sch A, In 4	WPIA-3.1	5140	1,900,381.87	1,847,184	\$ 53,217
11		Sch A, In 4	WPIA-3.1	5420	202.36	197	\$ 6
12		Sch A, In 4	WPIA-3.1	5440	1,157.85	1,125	\$ 32
13		Sch A, In 4	WPIA-3.1	5480	212,271.78	206,327	\$ 5,944
14		Sch A, In 4	WPIA-3.1	5520	1,014.07	986	\$ 28
15		Sch A, In 4	WPIA-3.1	5530	321,664.86	312,657	\$ 9,008
16		Sch A, In 4	WPIA-3.1	5600	1,495,827.40	1,453,939	\$ 41,888
17		Sch A, In 4	WPIA-3.1	5612	714.48	694	\$ 20
18		Sch A, In 4	WPIA-3.1	5620	249,429.89	242,445	\$ 6,985
19		Sch A, In 4	WPIA-3.1	5630	20,981.79	20,394	\$ 588
20		Sch A, In 4	WPIA-3.1	5660	304,652.70	296,121	\$ 8,531
21		Sch A, In 4	WPIA-3.1	5680	3,327.09	3,235	\$ 93
22		Sch A, In 4	WPIA-3.1	5690	4,879.68	4,743	\$ 137
23		Sch A, In 4	WPIA-3.1	5700	1,042,637.69	1,013,440	\$ 29,198
24		Sch A, In 4	WPIA-3.1	5710	375,790.84	365,267	\$ 10,523
25		Sch A, In 4	WPIA-3.1	5800	674,051.30	655,175	\$ 18,876
26		Sch A, In 4	WPIA-3.1	5820	314,691.38	305,879	\$ 8,812
27		Sch A, In 4	WPIA-3.1	5830	(1,426,652.12)	(1,386,701)	\$ (39,951)
28		Sch A, In 4	WPIA-3.1	5840	635,959.53	618,150	\$ 17,809
29		Sch A, In 4	WPIA-3.1	5850	26,562.25	25,818	\$ 744
30		Sch A, In 4	WPIA-3.1	5860	2,642,007.39	2,568,022	\$ 73,986
31		Sch A, In 4	WPIA-3.1	5870	269,453.70	261,908	\$ 7,546
32		Sch A, In 4	WPIA-3.1	5880	9,572,002.12	9,303,952	\$ 268,050
33		Sch A, In 4	WPIA-3.1	5900	125,748.79	122,227	\$ 3,521
34	Payroll Normalization	Sch A, In 4	WPIA-3.1	5910	7,126.23	6,927	\$ 200
35		Sch A, In 4	WPIA-3.1	5920	696,150.42	676,656	\$ 19,495
36		Sch A, In 4	WPIA-3.1	5930	5,843,949.25	5,680,298	\$ 163,651
37		Sch A, In 4	WPIA-3.1	5940	190,023.54	184,702	\$ 5,321
38		Sch A, In 4	WPIA-3.1	5950	74,902.91	72,805	\$ 2,098
39		Sch A, In 4	WPIA-3.1	5960	137,571.60	133,719	\$ 3,852
40		Sch A, In 4	WPIA-3.1	5970	353,610.87	343,709	\$ 9,902
41		Sch A, In 4	WPIA-3.1	5980	209,209.73	203,351	\$ 5,859
42		Sch A, In 4	WPIA-3.1	9010	475,885.05	462,559	\$ 13,326
43		Sch A, In 4	WPIA-3.1	9020	1,791,353.21	1,741,189	\$ 50,164
44		Sch A, In 4	WPIA-3.1	9030	2,509,083.26	2,438,820	\$ 70,263
45		Sch A, In 4	WPIA-3.1	9070	1,003,989.13	975,874	\$ 28,115
46		Sch A, In 4	WPIA-3.1	9080	1,940,679.14	1,886,333	\$ 54,346
47		Sch A, In 4	WPIA-3.1	9200	4,450,250.73	4,325,628	\$ 124,623
48		Sch A, In 4	WPIA-3.1	9220	(2,116,353.38)	(2,057,088)	\$ (59,265)
49		Sch A, In 4	WPIA-3.1	9250	209,163.05	203,306	\$ 5,857
50		Sch A, In 4	WPIA-3.1	9280	2,052.17	1,995	\$ 57
51		Sch A, In 4	WPIA-3.1	9302	113,306.02	110,133	\$ 3,173
52		Sch A, In 4	WPIA-3.1	9350	1,636,170.95	1,590,352	\$ 45,819
53	Total				76,551,424.44	\$ 74,407,712	\$ 2,143,713

Justification for requested adjustment.

Adjust payroll to reflect base pay levels at the end of the test year for employees employed by the Company as of that date and either a 2.5% or 3% increase. The discussion of this adjustment can be found in the testimonies of Mr. Michael Baird and Mr. Andrew Carlin.

## STAFF ADJUSTMENT TO AEPSC PAYROLL

SOUTHWESTERN ELECTRIC POWER COMPANY October 2020 Payroll Annualized in Cost of Service Response to Staff 5-27 Billed from AEPSC to SWEPCO by FERC Account				SWEPCO RFP Adjustment BJF-18	Staff Adj. to SWEPCO Request
FERC Account	Test Year	Annualized	Proforma Adjustment		
5000 - Oper Supervision & Engineering	\$ 6,060,375	\$ 5,949,261	\$ (111,114)	\$ 609,540	\$ (720,654)
5010 - Fuel	\$ 419,862	\$ 412,223	\$ (7,639)	\$ 42,067	\$ (49,707)
5020 - Steam Expenses	\$ 96,351	\$ 94,551	\$ (1,800)	\$ 9,783	\$ (11,582)
5050 - Electric Expenses	\$ 2,493	\$ 2,447	\$ (46)	\$ 252	\$ (298)
5060 - Misc Steam Power Expenses	\$ 397,196	\$ 389,950	\$ (7,246)	\$ 39,848	\$ (47,094)
5100 - Maint Supv & Engineering	\$ 214,754	\$ 210,763	\$ (3,990)	\$ 21,746	\$ (25,736)
5110 - Maintenance of Structures	\$ 339,064	\$ 332,601	\$ (6,462)	\$ 34,780	\$ (41,242)
5120 - Maintenance of Boiler Plant	\$ 734,161	\$ 720,276	\$ (13,885)	\$ 75,011	\$ (88,896)
5130 - Maintenance of Electric Plant	\$ 188,963	\$ 185,411	\$ (3,552)	\$ 19,247	\$ (22,799)
5140 - Maintenance of Misc Steam Plt	\$ 69,068	\$ 67,753	\$ (1,315)	\$ 7,081	\$ (8,396)
5240 - Misc Nuclear Power Expenses	\$ 0	\$ 0	\$ (0)	\$ 0	\$ (0)
5280 - Maint Supv & Engineering	\$ 3,605	\$ 3,538	\$ (67)	\$ 364	\$ (430)
5290 - Maintenance of Structures	\$ 212	\$ 208	\$ (4)	\$ 22	\$ (26)
5300 - Maint of Reactor Plant Equip	\$ 11	\$ 11	\$ 0	\$ 0	\$ (0)
5310 - Maintenance of Electric Plant	\$ 8	\$ 8	\$ (0)	\$ 1	\$ (1)
5350 - Oper Supervision & Engineering	\$ 2,728	\$ 2,678	\$ (50)	\$ 274	\$ (324)
5370 - Hydraulic Expenses	\$ 264	\$ 260	\$ (5)	\$ 26	\$ (31)
5390 - Misc Hydr Power Generation Exp	\$ 3,068	\$ 3,009	\$ (58)	\$ 314	\$ (373)
5450 - Maint of Misc Hydraulic Plant	\$ 575	\$ 566	\$ (9)	\$ 54	\$ (64)
5510 - Maint Supv & Engineering	\$ (9)	\$ (9)	\$ (0)	\$ (0)	\$ 0
5530 - Maintenance of Generating Plt	\$ 6,651	\$ 6,528	\$ (123)	\$ 672	\$ (794)
5560 - Sys Control & Load Dispatching	\$ 827,359	\$ 811,947	\$ (15,412)	\$ 83,883	\$ (99,295)
5570 - Other Expenses	\$ 1,854,344	\$ 1,819,890	\$ (34,454)	\$ 187,762	\$ (222,215)
5600 - Oper Supervision & Engineering	\$ 3,575,131	\$ 3,510,075	\$ (65,055)	\$ 358,219	\$ (423,274)
5612 - Load Dispatch-Mntr&Op TransSys	\$ 557,248	\$ 546,966	\$ (10,282)	\$ 56,225	\$ (66,507)
5615 - Reliability, Plng&Stds Develop	\$ 131,427	\$ 128,986	\$ (2,441)	\$ 13,304	\$ (15,744)
5620 - Station Expenses	\$ 3,970	\$ 3,901	\$ (69)	\$ 388	\$ (456)
5630 - Overhead Line Expenses	\$ 10,627	\$ 10,433	\$ (194)	\$ 1,066	\$ (1,260)
5660 - Misc Transmission Expenses	\$ 793,724	\$ 779,153	\$ (14,571)	\$ 79,882	\$ (94,452)
5670 - Rents	\$ 74	\$ 73	\$ (1)	\$ 7	\$ (9)
5680 - Maint Supv & Engineering	\$ 5,398	\$ 5,299	\$ (99)	\$ 542	\$ (641)
5690 - Maintenance of Structures	\$ 25	\$ 25	\$ (0)	\$ 3	\$ (3)
5691 - Maint of Computer Hardware	\$ 5,177	\$ 5,081	\$ (96)	\$ 525	\$ (621)
5692 - Maint of Computer Software	\$ 82,685	\$ 81,184	\$ (1,501)	\$ 8,276	\$ (9,777)
5700 - Maint of Station Equipment	\$ 116,017	\$ 113,909	\$ (2,107)	\$ 11,614	\$ (13,721)
5710 - Maintenance of Overhead Lines	\$ 12,530	\$ 12,306	\$ (223)	\$ 1,243	\$ (1,466)
5730 - Maint of Misc Trnsmsslon Plt	\$ 695	\$ 682	\$ (13)	\$ 70	\$ (82)
5800 - Oper Supervision & Engineering	\$ 666,519	\$ 655,111	\$ (11,408)	\$ 64,796	\$ (76,204)
5820 - Station Expenses	\$ 40,190	\$ 39,447	\$ (743)	\$ 4,059	\$ (4,802)
5830 - Overhead Line Expenses	\$ 230	\$ 227	\$ (4)	\$ 22	\$ (26)
5840 - Underground Line Expenses	\$ 7,871	\$ 7,739	\$ (132)	\$ 758	\$ (890)
5860 - Meter Expenses	\$ 109,722	\$ 107,844	\$ (1,878)	\$ 10,667	\$ (12,545)
5880 - Miscellaneous Distribution Exp	\$ 628,152	\$ 617,286	\$ (10,866)	\$ 61,383	\$ (72,249)
5900 - Maint Supv & Engineering	\$ 4,924	\$ 4,842	\$ (83)	\$ 474	\$ (557)
5920 - Maint of Station Equipment	\$ 49,481	\$ 48,581	\$ (900)	\$ 4,957	\$ (5,858)
5930 - Maintenance of Overhead Lines	\$ 27,400	\$ 26,933	\$ (467)	\$ 2,658	\$ (3,124)
5970 - Maintenance of Meters	\$ 201	\$ 198	\$ (3)	\$ 20	\$ (23)
9010 - Supervision - Customer Accts	\$ 47,205	\$ 46,402	\$ (804)	\$ 4,577	\$ (5,381)
9020 - Meter Reading Expenses	\$ 82,431	\$ 80,986	\$ (1,445)	\$ 8,108	\$ (9,553)
9030 - Cust Records & Collection Exp	\$ 5,635,793	\$ 5,542,905	\$ (92,888)	\$ 538,030	\$ (630,918)
9050 - Misc Customer Accounts Exp	\$ 16,736	\$ 16,434	\$ (302)	\$ 1,670	\$ (1,972)
9070 - Supervision - Customer Service	\$ 72,733	\$ 71,452	\$ (1,281)	\$ 7,169	\$ (8,450)
9080 - Customer Assistance Expenses	\$ 43,068	\$ 42,258	\$ (810)	\$ 4,389	\$ (5,199)
9100 - Misc Cust Svc&Informational Ex	\$ 10,698	\$ 10,583	\$ (114)	\$ 851	\$ (965)
9120 - Demonstrating & Selling Exp	\$ 1,650	\$ 1,619	\$ (31)	\$ 169	\$ (200)
9200 - Administrative & Gen Salaries	\$ 13,644,440	\$ 13,419,095	\$ (225,345)	\$ 1,303,857	\$ (1,529,202)
9210 - Office Supplies and Expenses	\$ 5,234	\$ 5,289	\$ 55	\$ 110	\$ (54)
9220 - Administrative Exp Trnsf - Cr	\$ (0)	\$ -	\$ 0	\$ -	\$ 0
9230 - Outside Services Employed	\$ 636	\$ 626	\$ (10)	\$ 60	\$ (70)
9250 - Injuries and Damages	\$ 8,333	\$ 8,180	\$ (154)	\$ 841	\$ (994)
9260 - Employee Pensions & Benefits	\$ 14,125	\$ 13,877	\$ (248)	\$ 1,390	\$ (1,638)
9280 - Regulatory Commission Exp	\$ 961,173	\$ 943,114	\$ (18,059)	\$ 97,877	\$ (115,937)
9301 - General Advertising Expenses	\$ 207	\$ 204	\$ (4)	\$ 21	\$ (24)
9302 - Misc General Expenses	\$ 111,978	\$ 110,047	\$ (1,930)	\$ 10,924	\$ (12,855)
9350 - Maintenance of General Plant	\$ 114,369	\$ 112,472	\$ (1,897)	\$ 10,950	\$ (12,847)
	\$ 38,821,330	\$ 38,145,694	\$ (675,636)	\$ 3,804,876	\$ (4,480,512)
					Staff adjustment to SWEPCO request

SOUTHWESTERN ELECTRIC POWER COMPANY				SWEPCO RFP Adjustment BJF-18	Staff Adj. to SWEPCO Request
October 2020 Payroll Annualized in Cost of Service Response to Staff 5-27 Billed from AEPSC to SWEPCO by FERC Account					
FERC Account	Test Year	Annualized	Proforma Adjustment		
5000 - Oper Supervision & Engineering	6,060,375	5,949,261	(111,114)	609,540	(720,654)
5010 - Fuel	419,862	412,223	(7,639)	42,067	(49,707)
5020 - Steam Expenses	96,351	94,551	(1,800)	9,783	(11,582)
5050 - Electric Expenses	2,493	2,447	(46)	252	(298)
5060 - Misc Steam Power Expenses	397,196	389,950	(7,246)	39,848	(47,094)
5100 - Maint Supv & Engineering	214,754	210,763	(3,990)	21,746	(25,736)
5110 - Maintenance of Structures	339,064	332,601	(6,462)	34,780	(41,242)
5120 - Maintenance of Boiler Plant	734,161	720,276	(13,885)	75,011	(88,896)
5130 - Maintenance of Electric Plant	188,963	185,411	(3,552)	19,247	(22,799)
5140 - Maintenance of Misc Steam Plt	69,068	67,753	(1,315)	7,081	(8,396)
5240 - Misc Nuclear Power Expenses	0	0	(0)	0	(0)
5280 - Maint Supv & Engineering	3,605	3,538	(67)	364	(430)
5290 - Maintenance of Structures	212	208	(4)	22	(26)
5300 - Maint of Reactor Plant Equip	11	11	0	0	(0)
5310 - Maintenance of Electric Plant	8	8	(0)	1	(1)
5350 - Oper Supervision & Engineering	2,728	2,678	(50)	274	(324)
5370 - Hydraulic Expenses	264	260	(5)	26	(31)
5390 - Misc Hydr Power Generation Exp	3,068	3,009	(58)	314	(373)
5450 - Maint of Misc Hydraulic Plant	575	566	(9)	54	(64)
5510 - Maint Supv & Engineering	(9)	(9)	(0)	(0)	0
5530 - Maintenance of Generating Plt	6,651	6,528	(123)	672	(794)
5560 - Sys Control & Load Dispatching	827,359	811,947	(15,412)	83,883	(99,295)
5570 - Other Expenses	1,854,344	1,819,890	(34,454)	187,762	(222,215)
5600 - Oper Supervision & Engineering	3,575,131	3,510,075	(65,055)	358,219	(423,274)
5612 - Load Dispatch-Mntr&Op TransSys	557,248	546,966	(10,282)	56,225	(66,507)
5615 - Reliability,Plng&Stds Develop	131,427	128,986	(2,441)	13,304	(15,744)
5620 - Station Expenses	3,970	3,901	(69)	388	(456)
5630 - Overhead Line Expenses	10,627	10,433	(194)	1,066	(1,260)
5660 - Misc Transmission Expenses	793,724	779,153	(14,571)	79,882	(94,452)
5670 - Rents	74	73	(1)	7	(9)
5680 - Maint Supv & Engineering	5,398	5,299	(99)	542	(641)
5690 - Maintenance of Structures	25	25	(0)	3	(3)
5691 - Maint of Computer Hardware	5,177	5,081	(96)	525	(621)
5692 - Maint of Computer Software	82,685	81,184	(1,501)	8,276	(9,777)
5700 - Maint of Station Equipment	116,017	113,909	(2,107)	11,614	(13,721)
5710 - Maintenance of Overhead Lines	12,530	12,306	(223)	1,243	(1,466)
5730 - Maint of Misc Trnsmssion Plt	695	682	(13)	70	(82)
5800 - Oper Supervision & Engineering	666,519	655,111	(11,408)	64,796	(76,204)
5820 - Station Expenses	40,190	39,447	(743)	4,059	(4,802)
5830 - Overhead Line Expenses	230	227	(4)	22	(26)
5840 - Underground Line Expenses	7,871	7,739	(132)	758	(890)
5860 - Meter Expenses	109,722	107,844	(1,878)	10,667	(12,545)
5880 - Miscellaneous Distribution Exp	628,152	617,286	(10,866)	61,383	(72,249)
5900 - Maint Supv & Engineering	4,924	4,842	(83)	474	(557)
5920 - Maint of Station Equipment	49,481	48,581	(900)	4,957	(5,858)
5930 - Maintenance of Overhead Lines	27,400	26,933	(467)	2,658	(3,124)
5970 - Maintenance of Meters	201	198	(3)	20	(23)
9010 - Supervision - Customer Accts	47,205	46,402	(804)	4,577	(5,381)
9020 - Meter Reading Expenses	82,431	80,986	(1,445)	8,108	(9,553)
9030 - Cust Records & Collection Exp	5,635,793	5,542,905	(92,888)	538,030	(630,918)
9050 - Misc Customer Accounts Exp	16,736	16,434	(302)	1,670	(1,972)
9070 - Supervision - Customer Service	72,733	71,452	(1,281)	7,169	(8,450)
9080 - Customer Assistance Expenses	43,068	42,258	(810)	4,389	(5,199)
9100 - Misc Cust Svc&Informational Ex	10,698	10,583	(114)	851	(965)
9120 - Demonstrating & Selling Exp	1,650	1,619	(31)	169	(200)
9200 - Administrative & Gen Salaries	13,644,440	13,419,095	(225,345)	1,303,857	(1,529,202)
9210 - Office Supplies and Expenses	5,234	5,289	55	110	(54)
9220 - Administrative Exp Trnsf - Cr	(0)	-	0		0
9230 - Outside Services Employed	636	626	(10)	60	(70)
9250 - Injuries and Damages	8,333	8,180	(154)	841	(994)
9260 - Employee Pensions & Benefits	14,125	13,877	(248)	1,390	(1,638)
9280 - Regulatory Commission Exp	961,173	943,114	(18,059)	97,877	(115,937)
9301 - General Advertising Expenses	207	204	(4)	21	(24)
9302 - Misc General Expenses	111,978	110,047	(1,930)	10,924	(12,855)
9350 - Maintenance of General Plant	114,369	112,472	(1,897)	10,950	(12,847)
	38,821,330	38,145,694	(675,636)	3,804,876	(4,480,512)

Refer to Request  
to Staff 5-27  
189 AEPSC employees  
took buyout

25

0000026

**SOUTHWESTERN ELECTRIC POWER COMPANY**  
**October 2020 Payroll Annualized in Cost of Service**  
**Billed from AEPSC to SWEPCO by FERC Account**

FERC Account	Test Year	Annualized	Proforma Adjustment
5000 - Oper Supervision & Engineering	6,060,375.10	5,949,260.76	(111,114.34)
5010 - Fuel	419,862.33	412,222.96	(7,639.37)
5020 - Steam Expenses	96,350.64	94,550.80	(1,799.84)
5050 - Electric Expenses	2,492.59	2,446.58	(46.01)
5060 - Misc Steam Power Expenses	397,196.25	389,950.47	(7,245.78)
5100 - Maint Supv & Engineering	214,753.73	210,763.24	(3,990.49)
5110 - Maintenance of Structures	339,063.62	332,601.47	(6,462.15)
5120 - Maintenance of Boiler Plant	734,161.40	720,276.40	(13,885.00)
5130 - Maintenance of Electric Plant	188,963.43	185,411.24	(3,552.19)
5140 - Maintenance of Misc Steam Plt	69,068.41	67,753.36	(1,315.05)
5240 - Misc Nuclear Power Expenses	0.47	0.46	(0.01)
5280 - Maint Supv & Engineering	3,604.55	3,538.00	(66.55)
5290 - Maintenance of Structures	211.67	207.62	(4.05)
5300 - Maint of Reactor Plant Equip	10.84	10.96	0.12
5310 - Maintenance of Electric Plant	8.00	7.84	(0.16)
5350 - Oper Supervision & Engineering	2,728.00	2,678.15	(49.85)
5370 - Hydraulic Expenses	264.36	259.55	(4.81)
5390 - Misc Hydr Power Generation Exp	3,067.85	3,009.48	(58.37)
5450 - Maint of Misc Hydraulic Plant	575.02	565.76	(9.26)
5510 - Maint Supv & Engineering	(8.53)	(8.62)	(0.09)
5530 - Maintenance of Generating Plt	6,650.75	6,527.88	(122.87)
5560 - Sys Control & Load Dispatching	827,358.88	811,947.07	(15,411.81)
5570 - Other Expenses	1,854,343.84	1,819,890.09	(34,453.75)
5600 - Oper Supervision & Engineering	3,575,130.52	3,510,075.06	(65,055.46)
5612 - Load Dispatch-Mntr&Op TransSys	557,248.07	546,966.41	(10,281.66)
5615 - Reliability,Plng&Stds Develop	131,426.82	128,986.32	(2,440.50)
5620 - Station Expenses	3,969.95	3,901.33	(68.62)
5630 - Overhead Line Expenses	10,627.08	10,433.32	(193.76)
5660 - Misc Transmission Expenses	793,724.23	779,153.36	(14,570.87)
5670 - Rents	74.16	72.83	(1.33)
5680 - Maint Supv & Engineering	5,397.51	5,298.84	(98.67)
5690 - Maintenance of Structures	25.45	24.99	(0.46)
5691 - Maint of Computer Hardware	5,177.00	5,080.69	(96.31)
5692 - Maint of Computer Software	82,685.28	81,183.90	(1,501.38)
5700 - Maint of Station Equipment	116,016.70	113,909.41	(2,107.29)
5710 - Maintenance of Overhead Lines	12,529.73	12,306.37	(223.36)
5730 - Maint of Misc Trnsmssion Plt	694.80	682.15	(12.65)
5800 - Oper Supervision & Engineering	666,519.38	655,111.27	(11,408.11)
5820 - Station Expenses	40,189.52	39,446.57	(742.95)
5830 - Overhead Line Expenses	230.46	226.63	(3.83)
5840 - Underground Line Expenses	7,870.79	7,738.83	(131.96)
5860 - Meter Expenses	109,722.20	107,844.12	(1,878.08)
5880 - Miscellaneous Distribution Exp	628,152.20	617,285.96	(10,866.24)
5900 - Maint Supv & Engineering	4,924.23	4,841.55	(82.68)
5920 - Maint of Station Equipment	49,481.30	48,581.07	(900.23)
5930 - Maintenance of Overhead Lines	27,399.55	26,932.76	(466.79)

5970 - Maintenance of Meters	201.36	197.87	(3.49)
9010 - Supervision - Customer Accts	47,205.35	46,401.75	(803.60)
9020 - Meter Reading Expenses	82,431.18	80,986.10	(1,445.08)
9030 - Cust Records & Collection Exp	5,635,793.08	5,542,904.90	(92,888.18)
9050 - Misc Customer Accounts Exp	16,735.85	16,433.82	(302.03)
9070 - Supervision - Customer Service	72,732.56	71,451.97	(1,280.59)
9080 - Customer Assistance Expenses	43,067.93	42,257.63	(810.30)
9100 - Misc Cust Svc&Informational Ex	10,697.72	10,583.25	(114.47)
9120 - Demonstrating & Selling Exp	1,650.01	1,618.72	(31.29)
9200 - Administrative & Gen Salaries	13,644,440.10	13,419,094.98	(225,345.12)
9210 - Office Supplies and Expenses	5,233.69	5,288.84	55.15
9220 - Administrative Exp Trnsf - Cr	(0.00)	-	0.00
9230 - Outside Services Employed	636.32	626.04	(10.28)
9250 - Injuries and Damages	8,333.32	8,179.64	(153.68)
9260 - Employee Pensions & Benefits	14,125.21	13,877.24	(247.97)
9280 - Regulatory Commission Exp	961,172.93	943,113.55	(18,059.38)
9301 - General Advertising Expenses	207.44	203.72	(3.72)
9302 - Misc General Expenses	111,977.54	110,047.08	(1,930.46)
9350 - Maintenance of General Plant	114,368.52	112,472.02	(1,896.50)
	<u>38,821,330.24</u>	<u>38,145,694.38</u>	<u>(675,635.86)</u>

sweep request based on  
annualized TLE numbers  
BJF-18, p13 of 19

(3,804,876)

staff adj to G. req. (4,480,512)

ref to Resp to Staff 5-24

189 AEPSC employees

accepted retirement incentive

Southwestern Electric Power Company  
Adjust Headcount to Year-End Level  
For the Test Year Ended March 31, 2020  
Pro-Forma No. 7

Line No	Description	FERC Account Number	Pro Forma Adjustment
1	Headcount Adjustment	5000 - Oper Supervision & Engineering	\$ 609,540
2		5010 - Fuel	42,067
3		5020 - Steam Expenses	9,783
4		5050 - Electric Expenses	252
5		5060 - Misc Steam Power Expenses	39,848
6		5100 - Maint Supv & Engineering	21,746
7		5110 - Maintenance of Structures	34,780
8		5120 - Maintenance of Boiler Plant	75,011
9		5130 - Maintenance of Electric Plant	19,247
10		5140 - Maintenance of Misc Steam Plt	7,081
11		5240 - Misc Nuclear Power Expenses	0
12		5280 - Maint Supv & Engineering	364
13		5290 - Maintenance of Structures	22
14		5300 - Maint of Reactor Plant Equip	0
15		5310 - Maintenance of Electric Plant	1
16		5350 - Oper Supervision & Engineering	274
17		5370 - Hydraulic Expenses	28
18		5390 - Misc Hydr Power Generation Exp	314
19		5450 - Maint of Misc Hydraulic Plant	54
20		5510 - Maint Supv & Engineering	(0)
21		5530 - Maintenance of Generating Plt	672
22		5560 - Sys Control & Load Dispatching	83,883
23		5570 - Other Expenses	187,762
24		5600 - Oper Supervision & Engineering	358,219
25		5612 - Load Dispatch-Mnt&Op TransSys	56,225
26		5615 - Reliability, Ping&Sids Develop	13,304
27		5620 - Station Expenses	388
28		5630 - Overhead Line Expenses	1,066
29		5660 - Misc Transmission Expenses	79,882
30		5670 - Rents	7
31		5680 - Maint Supv & Engineering	542
32		5690 - Maintenance of Structures	3
33		5691 - Maint of Computer Hardware	525
34		5692 - Maint of Computer Software	8,276
35		5700 - Maint of Station Equipment	11,614
36		5710 - Maintenance of Overhead Lines	1,243
37		5730 - Maint of Misc Tmsmission Plt	70
38		5800 - Oper Supervision & Engineering	64,796
39		5820 - Station Expenses	4,059
40		5830 - Overhead Line Expenses	22
41		5840 - Underground Line Expenses	758
42		5860 - Meter Expenses	10,667
43		5880 - Miscellaneous Distribution Exp	61,383
44		5900 - Maint Supv & Engineering	474
45		5920 - Maint of Station Equipment	4,957
46		5930 - Maintenance of Overhead Lines	2,658
47		5970 - Maintenance of Meters	20
48		9010 - Supervision - Customer Accts	4,577
49		9020 - Meter Reading Expenses	8,108
50		9030 - Cust Records & Collection Exp	538,030
51		9050 - Misc Customer Accounts Exp	1,670
52		9070 - Supervision - Customer Service	7,169
53		9080 - Customer Assistance Expenses	4,389
54		9100 - Misc Cust Svc&Informational Ex	851
55		9120 - Demonstrating & Selling Exp	169
56		9200 - Administrative & Gen Salaries	1,303,857
57		9210 - Office Supplies and Expenses	110
58		9230 - Outside Services Employed	60
59		9250 - Injuries and Damages	641
60		9260 - Employee Pensions & Benefits	1,390
61		9280 - Regulatory Commission Exp	97,877
62		9301 - General Advertising Expenses	21
63		9302 - Misc General Expenses	10,924
64		9350 - Maintenance of General Plant	10,950
65		Total	\$ 3,804,876

PURPOSE

To adjust test year AEPSC payroll charges to SWEPCO to correspond to test year end salaries and headcount. Also to include a merit increase for applicable employees.

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

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF  
PUBLIC UTILITY COUNSEL'S SIXTH REQUEST FOR INFORMATION**

**Question No. OPUC 6-1:**

Please refer to SWEPCO's Response to Staff RFI No. 5-27. Please provide an explanation for the 3.61% increase in base payroll for SWEPCO employees as of October 30, 2020, when compared to the test year per books. Please include in your response an explanation of why the annualized payroll on October 30, 2020 reflects a pay increase that is over 25% greater than the base pay increase proposed by the Company in the filing.

**Response No. OPUC 6-1:**

The 3.0% base pay increase for merit eligible employees proposed by the Company in its filing inadvertently left out an additional 0.5% equity adjustment and line of progression promotional increase budget. Similarly, the 2.5% general increase for physical and craft employees proposed by the Company in its filing inadvertently left out an additional 0.5% market equity adjustment and a 0.5% geographic wage equalization adjustment each of which was focused on specific positions. Additional differences are likely attributable to opportunity promotions, physical and craft employees qualifying for higher jobs (e.g. Line Mechanic B to A), physical and craft employees qualifying for higher steps (e.g. Line Mechanic B, step 1 to step 2) pay, and step-up pay (employees taking on a higher paid role temporarily).

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



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

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

**Question No. Staff 5-24:**

Has the Company experienced any reductions in force since the end of the test year? Does the Company anticipate any reductions in force between now and the end of the rate year? If the answer to either question is yes, please describe and quantify.

**Response No. Staff 5-24:**

Beginning June 8, 2020 through July 6, 2020, the company did offer a retirement incentive package to certain employees across the service company and SWEPCO. Only one SWEPCO employee accepted the retirement incentive package and a total of 189 employees reporting to AEPSC accepted the package.

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Lynn M. Ferry-Nelson

Title: Dir Regulatory Svcs

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

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF  
PUBLIC UTILITY COUNSEL'S EIGHTH REQUEST FOR INFORMATION**

**Question No. OPUC 8-3:**

Please refer to SWEPCO's response to OPUC RFI No. 6-2, sponsored by Mr. Brian Frantz and Mr. Andrew Carlin. Please provide the amount of the annualized payroll that is included in SWEPCO's responses to Staff RFI Nos. 5-24 and 5-27 for each of the employees who accepted the retirement incentive package.

**Response No. OPUC 8-3:**

The annualized payroll expense included in SWEPCO's response to OPUC RFI No. 5-27 is not tracked for individual employees, therefore, the Company has not determined the amounts included in this response related to those employees who accepted the retirement incentive package.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Prepared By: Anthony J. Sutor

Title: Regulatory Consultant Prin

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

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

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF  
PUBLIC UTILITY COUNSEL'S EIGHTH REQUEST FOR INFORMATION**

**Question No. OPUC 8-2:**

Please refer to SWEPCO's response to OPUC RFI No. 6-1, sponsored by Mr. Andrew Carlin. Please provide a detailed description of the "0.5% equity adjustment" and the "0.5% geographic wage equalization adjustment" given to union employees.

**Response No. OPUC 8-2:**

The 0.5% equity adjustment and 0.5% geographic wage equalization adjustment budgets were part of the total 3.5% wage increase budget collectively bargained with AEP's unions. AEP conducts internal pay equity analysis and external market compensation reviews. Based on both the bargaining positions of AEP's unions and these reviews, the 3-year contract for 2018, 2019 and 2020 included a 2.5% general increase annually for all classifications and combined 1.0% adjustment for geographic wage equalization across AEP's footprint and for market equity adjustments to close the wage gap with the external market competitive wages. This 1% adjustment was not applied equally to all classifications, but, instead, was targeted to job classifications with lower wages relative to other AEP locations and/or lower wages compared to market wage data. No job classification was increased to wages rates above the market median for that job classification.

Prepared By: Anthony J. Sutor

Title: Regulatory Consultant Prin

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

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

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF  
PUBLIC UTILITY COUNSEL'S EIGHTH REQUEST FOR INFORMATION**

**Question No. OPUC 8-1:**

Please refer to SWEPCO's response to OPUC RFI No. 6-1, sponsored by Mr. Andrew Carlin. Please provide a detailed description of the "0.5% equity adjustment" given to non-union employees. Please include in your response the percentage of the 0.5% that is for the equity adjustment and the percentage that is for progression promotional increase.

**Response No. OPUC 8-1:**

The instructions to managers on the allocation of the 0.5% combined budget for line of progression promotions and equity adjustments were as follows:

"Promotion/Equity Increases – Promotion and equity budget is 0.5%. These dollars will be used for promotions into new roles in higher grades, or for equity adjustments when pay is unjustifiably low relative to internal peers or external market. Promotion/equity dollars cannot be used to supplement the merit budget; please enter a merit increase for an employee before entering a promotion or equity adjustment."

Since line of progression promotions and equity adjustments both address a specific situation that may or may not have existed in any given department, a combined budget was provided for both types of pay increases and the portion to be used for each type was not specified. Given the relative rarity of these types of increases, the portion used for each type, if any, varied considerably by department.

Prepared By: Anthony J. Sutor

Title: Regulatory Consultant Prin

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

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

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

**Question No. CARD 4-5:**

Payroll related expenses: Please provide the following information for each pay period in the test year for each employee group with a separate payroll annualization calculation in the Company's work papers to the extent that information is available, preferably in an Excel-compatible file with fully functional formulas:

- a. number of employees
- b. regular pay
- c. overtime pay
- d. compensated absences not included in b. above
- e. incentives or bonuses
- f. regular hours
- g. overtime hours

**Response No. CARD 4-5:**

See CARD\_4-5\_Attachment\_1.xlsx for the payroll related information requested for each pay period in the test year.

CARD 4-5 Attachment 1 is available electronically on the PUC Interchange.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

SOUTHWESTERN ELECTRIC POWER COMPANY  
PAYROLL INFORMATION BY PAY PERIOD  
FOR THE TEST YEAR ENDED 3/31/2020

SOAH Docket No. 473-21-0538  
PUC Docket No. 51415  
CARD's 4th, Q. # CARD 4-5  
Attachment 1  
Page 1 of 1

Pay Period Start	Pay Period End	# employees	Base \$	OT \$	Incentives	Regular hours	OT hours
3/23/2019	4/5/2019	1,468	4,890,366	680,018		115,591	11,329
4/6/2019	4/19/2019	1,466	4,466,163	1,098,094		115,581	19,127
4/20/2019	5/3/2019	1,464	4,713,760	918,223		114,818	14,541
5/4/2019	5/17/2019	1,465	4,442,799	1,853,481		110,653	33,297
	5/31/2019				212,576		
5/18/2019	5/31/2019	1,466	4,450,737	851,665		115,777	14,607
6/1/2019	6/14/2019	1,460	4,861,941	662,982		113,837	11,093
6/15/2019	6/28/2019	1,458	4,834,328	1,498,894		109,515	27,078
6/29/2019	7/12/2019	1,457	4,305,578	635,793		114,891	10,073
7/13/2019	7/26/2019	1,458	4,547,350	572,081		119,503	9,174
	7/31/2019				4,217,300		
7/27/2019	8/9/2019	1,458	4,728,653	461,562		115,439	8,458
8/10/2019	8/23/2019	1,463	4,766,116	571,524		115,286	9,079
8/24/2019	9/6/2019	1,456	4,413,689	1,133,270		111,872	18,499
9/7/2019	9/20/2019	1,459	4,947,345	611,285		115,309	9,543
9/21/2019	10/4/2019	1,458	4,767,165	701,149		115,218	11,524
10/5/2019	10/18/2019	1,460	4,692,385	821,989		115,225	13,552
	10/31/2019				47,386		
10/19/2019	11/1/2019	1,459	4,698,138	1,339,597		111,800	21,736
11/2/2019	11/15/2019	1,462	4,705,899	730,630		115,519	12,260
11/16/2019	11/29/2019	1,463	4,222,627	567,792		115,735	9,837
11/30/2019	12/13/2019	1,460	5,483,773	511,510		115,343	8,169
12/14/2019	12/27/2019	1,463	3,736,159	415,793		114,975	6,934
12/28/2019	1/10/2020	1,467	4,806,170	354,597		115,451	5,768
1/11/2020	1/24/2020	1,459	5,684,168	839,737		114,649	14,308
1/25/2020	2/7/2020	1,467	4,801,469	398,751		115,901	6,575
2/8/2020	2/21/2020	1,468	4,709,963	417,410		115,971	6,892
	2/29/2020				1,715,974		
	3/6/2020				18,087,787		
2/22/2020	3/6/2020	1,464	4,838,683	469,911		115,775	7,872
3/7/2020	3/20/2020	1,459	4,657,639	422,971		115,602	7,005
	3/31/2020				11,624		

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

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

**Question No. CARD 4-6:**

Payroll related expenses: Please provide the following information for each pay period following the test year through the latest available date for each employee group with a separate payroll annualization in the Company's work papers to the extent that information is available, preferably in an Excel-compatible file with fully functional formulas. Please update this response as additional pay periods become available:

- a. number of employees
- b. regular pay
- c. overtime pay
- d. compensated absences not included in b. above
- e. incentives or bonuses
- f. regular hours
- g. overtime hours

**Response No. CARD 4-6:**

See CARD\_4-6\_Attachment\_1.xlsx for the SWEPCO payroll information requested for periods subsequent to the test year ended 3/31/2020.

CARD 4-6 Attachment 1 is available electronically on the PUC Interchange.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

SOUTHWESTERN ELECTRIC POWER COMPANY  
PAYROLL INFORMATION BY PAY PERIOD  
FOR PAY PRIODS SUBSEQUENT TO THE TEST YEAR ENDED 3/31/2020

SOAH Docket No. 473-21-0538  
PUC Docket No. 51415  
CARD's 4th, Q. # CARD 4-6  
Attachment 1  
Page 1 of 1

Pay Period Start	Pay Period End	# employees	Base \$	OT \$	Incentives	Regular hours	OT hours
3/21/2020	4/3/2020	1,457	4,958,465	468,773		115,486	7,724
4/4/2020	4/17/2020	1,458	4,348,428	1,376,585		108,129	23,396
4/18/2020	5/1/2020	1,455	4,662,077	1,318,582		111,693	22,542
5/2/2020	5/15/2020	1,454	4,753,040	669,120		115,110	11,084
5/16/2020	5/29/2020	1,454	4,552,200	731,604		115,150	11,254
	5/31/2020				240,707		
5/30/2020	6/12/2020	1,458	5,041,366	501,193		115,201	8,377
6/13/2020	6/26/2020	1,455	4,759,874	516,917		115,140	8,523
6/27/2020	7/10/2020	1,457	4,128,097	646,722		115,311	10,227
	7/17/2020				37,759		
7/11/2020	7/24/2020	1,457	3,981,581	425,750		115,066	8,207
7/25/2020	8/7/2020	1,455	3,847,432	1,511,896		109,528	24,847
8/8/2020	8/21/2020	1,455	4,019,811	1,057,833		112,374	16,305
	8/31/2020				138,960		
8/22/2020	9/4/2020	1,455	3,774,902	2,749,362		103,703	47,886
9/5/2020	9/18/2020	1,457	3,665,517	1,507,012		111,438	22,964
9/19/2020	10/2/2020	1,455	4,149,837	904,665		114,122	13,688
10/3/2020	10/16/2020	1,454	4,046,063	1,389,713		111,864	22,889
	10/31/2020				35,431		



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

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

**Question No. Staff 5-32:**

For each employee of SWEPCO, its parent company, or affiliate whose salary and benefits are in any way included in SWEPCO's revenue requirement and whose salary and benefits are subject to the \$1 million deductibility limit under the Tax Cuts and Jobs Act of 2017, provide for each individual the total compensation by type and the amount of such compensation included in SWEPCO's request by FERC account.

**Response No. Staff 5-32:**

Please refer to Staff 5-32 Attachment 1 for analysis of AEPSC employees subject to the \$1 million deductibility limit under the Tax Cuts and Jobs Act of 2017, and the amounts of compensation by type billed to SWEPCO during the test year by FERC Account for each individual. SWEPCO has no employees that meet this threshold.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

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

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

**Question No. STAFF 9-6:**

Refer to SWEPCO's response to Staff 5-32. Please confirm that all amounts reported are included in the Company's requested revenue requirement. If confirmed, please provide the location of such expenses in SWEPCO's request in this proceeding by schedule number, line number, and FERC account. For each separate amount identified in this response that is included in SWEPCO's requested revenue requirement, please provide the total amount billed to all AEP companies combined (including SWEPCO). If not included in SWEPCO's requested cost of service, please provide a reference to the associated pro forma adjustment by amount that was removed.

**Response No. STAFF 9-6:**

The amounts reported on the response to Staff 5-32 are not all included in the Company's requested revenue requirement. Please see Staff 9-6 Attachment 1 for the total amount billed to all AEP affiliates combined (including SWEPCO). Based on analysis of the associated pro forma adjustments made by the Company, approximately 72% of the Stock Awards were removed from the requested cost of service as part of the pro forma adjustment number 3 noted on page 12 of Company Witness Frantz' Direct Testimony. Approximately 64% of the Non-Equity Incentive Plan Compensation were removed from the requested cost of service as part of the pro forma adjustment number 2 noted on page 12 of Company Witness Frantz' Direct Testimony. All of the Supplemental Retirement Savings Plan amounts were removed from the requested cost of service as part of the pro forma adjustment number 11 noted on page 13 of Company Witness Frantz' Direct Testimony. The remaining amounts were included in the revenue requirement by FERC account as listed in the response to Staff 5-32.

Prepared By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

**SOUTHWESTERN ELECTRIC POWER COMPANY**

**Executive Compensation**

Billed from AEPSC to All AEP Affiliates by FERC Account by Type  
For The Test Year Ended March 31, 2020

Executive	FERC Acct	Salary	Stock Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation	Retirement Savings Plan	Supplemental Retirement Savings Plan	Perquisites
Executive #1	1880 - R&D Expenses	11,236	66,815	27,411	4,037	96	589	165
Executive #1	4170 - Revenues from Non-Util Oper	1,704	10,131	4,168	612	15	89	25
Executive #1	4264 - Civic & Political Activities	34,976	207,986	85,328	12,566	299	1,835	513
Executive #1	5000 - Oper Supervision & Engineering	29,119	173,156	71,038	10,461	249	1,527	427
Executive #1	5280 - Maint Supv & Engineering	12,532	74,525	30,574	4,502	107	657	184
Executive #1	9200 - Administrative & Gen Salaries	1,103,712	6,563,246	2,692,613	396,525	9,424	57,891	16,177
Executive #1	9230 - Outside Services Employed	202,915	1,206,640	495,032	72,900	1,733	10,643	2,974
Executive #1	9302 - Misc General Expenses	79,459	472,505	193,840	28,547	678	4,168	1,165
Executive #2	4170 - Revenues from Non-Util Oper	98	527	134	28	2	6	3
Executive #2	9200 - Administrative & Gen Salaries	579,505	3,190,630	812,729	171,196	12,413	39,024	15,354
Executive #2	9230 - Outside Services Employed	8,654	47,645	12,136	2,556	185	583	229
Executive #3	1830 - Prelimin Surv&Investgtn Chrgs	2,031	4,333	2,593	522	38	141	41
Executive #3	4170 - Revenues from Non-Util Oper	461	983	589	118	9	32	9
Executive #3	5000 - Oper Supervision & Engineering	1,863	3,974	2,378	478	35	130	37
Executive #3	9200 - Administrative & Gen Salaries	502,153	1,071,076	641,035	128,935	9,338	34,978	10,106
Executive #3	9230 - Outside Services Employed	153,151	326,665	195,508	39,324	2,848	10,668	3,082
Executive #3	9250 - Injuries and Damages	17,193	36,672	21,948	4,415	320	1,188	346
Executive #3	9280 - Regulatory Commission Exp	744	1,586	949	191	14	52	15
Executive #4	1070 - Construction Work In Progress	41,022	75,704	53,330	14,749	840	2,797	1,352
Executive #4	4170 - Revenues from Non-Util Oper	439	810	570	159	9	30	14
Executive #4	9200 - Administrative & Gen Salaries	558,021	1,029,811	725,458	200,630	11,426	38,042	18,390
Executive #4	9230 - Outside Services Employed	15,877	29,300	20,641	5,708	325	1,082	523
Executive #5	4170 - Revenues from Non-Util Oper	590	3,026	810	350	9	47	15
Executive #5	9200 - Administrative & Gen Salaries	724,887	3,715,369	994,490	429,735	11,517	57,549	18,281
Executive #5	9230 - Outside Services Employed	87,562	346,285	92,691	40,053	1,073	5,364	1,704
<b>Grand Total</b>		<b>4,149,301</b>	<b>18,659,400</b>	<b>7,178,000</b>	<b>1,569,298</b>	<b>63,000</b>	<b>269,123</b>	<b>91,131</b>

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

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

**Question No. CARD 4-12:**

Payroll related expenses: If the Company included an adjustment to payroll expenses that included pay increases after the end of the test year, please provide an explanation of the increase together with documentation supporting the amount and effective date of the increase.

**Response No. CARD 4-12:**

The Company increased payroll expense after the end of the test year to reflect a 2.75% merit increase budget for all employees, except those in physical and craft positions. This budget was implemented effective April 1, 2020 and is consistent with merit rates throughout the utility industry. April 1 has been AEP's common merit increase date for all employees for many years.

The Company also increased payroll expense after the end of test to reflect a 2.5% general increase for employees in physical and craft positions. This amount was negotiated for represented employees as part of a collective bargaining agreement. It was implemented in 2000 for represented and unrepresented employees on the anniversary dates of collective bargaining agreements. This amount is consistent with wage increase rates for physical and craft positions in the utility industry.

Please see CARD 4-12 Attachment 1 for excerpts from a presentation to the HR Committee of AEP's Board of Directors supporting the amount and timing of the above wage increases.

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

## STAFF ADJUSTMENT TO SWEPCO INCENTIVE

SOUTHWESTERN ELECTRIC POWER COMPANY

Annual Incentive Normalization  
For the Test Year Ended March 31, 2020SWEPCO Proposed  
Adjustment @ RFP  
Sch.a-3.2Corrected Amt  
Per Response  
to OPUC 1-15Staff  
Adj. to  
Co Request

					Total should be \$ (3,916,929)	
Acct Reference	Exp Amt As Adjusted	TY Amt Per Books	Total Adjustment			
5000	\$ 231,337	\$ 603,804	\$ (372,466)	9.6339%	\$ (377,352)	\$ (4,885)
5010	\$ 3,733	\$ 9,636	\$ (5,903)	0.1527%	\$ (5,980)	\$ (77)
5020	\$ 437,142	\$ 1,137,336	\$ (700,194)	18.1106%	\$ (709,378)	\$ (9,184)
5050	\$ 375,625	\$ 974,759	\$ (599,134)	15.4968%	\$ (606,992)	\$ (7,858)
5060	\$ 901,968	\$ (333,497)	\$ 1,235,465	-31.9554%	\$ 1,251,670	\$ 16,204
5100	\$ 189,455	\$ 490,228	\$ (300,773)	7.7795%	\$ (304,718)	\$ (3,945)
5110	\$ 42,159	\$ 109,586	\$ (67,427)	1.7440%	\$ (68,312)	\$ (884)
5120	\$ 438,168	\$ 1,135,833	\$ (697,665)	18.0451%	\$ (706,815)	\$ (9,151)
5130	\$ 113,023	\$ 292,363	\$ (179,340)	4.6386%	\$ (181,692)	\$ (2,352)
5140	\$ 83,192	\$ 216,504	\$ (133,311)	3.4481%	\$ (135,060)	\$ (1,749)
5420	\$ 5	\$ 15	\$ (9)	0.0002%	\$ (10)	\$ (0)
5440	\$ 160	\$ 411	\$ (250)	0.0065%	\$ (254)	\$ (3)
5480	\$ 10,411	\$ 26,967	\$ (16,555)	0.4282%	\$ (16,772)	\$ (217)
5520	\$ 24	\$ 63	\$ (38)	0.0010%	\$ (39)	\$ (1)
5530	\$ 15,338	\$ 39,940	\$ (24,602)	0.6363%	\$ (24,925)	\$ (323)
5600	\$ 95,987	\$ 226,295	\$ (130,309)	3.3704%	\$ (132,018)	\$ (1,709)
5612	\$ 45	\$ 112	\$ (67)	0.0017%	\$ (68)	\$ (1)
5620	\$ 21,446	\$ 49,876	\$ (28,430)	0.7353%	\$ (28,803)	\$ (373)
5630	\$ 613	\$ 1,645	\$ (1,033)	0.0267%	\$ (1,048)	\$ (14)
5660	\$ 148,706	\$ (124,373)	\$ 273,078	-7.0632%	\$ 276,660	\$ 3,582
5680	\$ 124	\$ 312	\$ (187)	0.0048%	\$ (190)	\$ (2)
5690	\$ 289	\$ 630	\$ (341)	0.0088%	\$ (346)	\$ (4)
5700	\$ 65,684	\$ 152,189	\$ (86,504)	2.2374%	\$ (87,639)	\$ (1,135)
5710	\$ 24,816	\$ 58,328	\$ (33,512)	0.8668%	\$ (33,952)	\$ (440)
5800	\$ 20,217	\$ 101,119	\$ (80,902)	2.0925%	\$ (81,963)	\$ (1,061)
5820	\$ 19,180	\$ 44,209	\$ (25,028)	0.6474%	\$ (25,357)	\$ (328)
5830	\$ 34,696	\$ 206,416	\$ (171,720)	4.4416%	\$ (173,973)	\$ (2,252)
5840	\$ 11,267	\$ 71,582	\$ (60,315)	1.5601%	\$ (61,106)	\$ (791)
5850	\$ 215	\$ 4,523	\$ (4,309)	0.1114%	\$ (4,365)	\$ (57)
5860	\$ 62,040	\$ 401,214	\$ (339,174)	8.7728%	\$ (343,623)	\$ (4,449)
5870	\$ 5,707	\$ 31,941	\$ (26,234)	0.6785%	\$ (26,578)	\$ (344)
5880	\$ 1,852,502	\$ 289,216	\$ 1,563,286	-40.4345%	\$ 1,583,790	\$ 20,504
5900	\$ 3,485	\$ 18,494	\$ (15,009)	0.3882%	\$ (15,206)	\$ (197)
5910	\$ 316	\$ 689	\$ (373)	0.0096%	\$ (378)	\$ (5)
5920	\$ 37,288	\$ 85,348	\$ (48,059)	1.2431%	\$ (48,690)	\$ (630)
5930	\$ 287,760	\$ 1,452,909	\$ (1,165,149)	30.1366%	\$ (1,180,431)	\$ (15,282)
5940	\$ 3,094	\$ 23,055	\$ (19,961)	0.5163%	\$ (20,223)	\$ (262)
5950	\$ 520	\$ 9,849	\$ (9,129)	0.2361%	\$ (9,249)	\$ (120)
5960	\$ 1,790	\$ 22,968	\$ (21,178)	0.5478%	\$ (21,456)	\$ (278)
5970	\$ 8,977	\$ 42,166	\$ (35,189)	0.9102%	\$ (35,650)	\$ (462)
5980	\$ 3,243	\$ 23,353	\$ (20,110)	0.5201%	\$ (20,374)	\$ (264)
9010	\$ 9,657	\$ 72,943	\$ (63,286)	1.6369%	\$ (64,116)	\$ (830)
9020	\$ 34,074	\$ 213,176	\$ (179,102)	4.6325%	\$ (181,451)	\$ (2,349)
9030	\$ 66,402	\$ 336,882	\$ (270,480)	6.9960%	\$ (274,027)	\$ (3,548)
9070	\$ 20,655	\$ 131,689	\$ (111,035)	2.8719%	\$ (112,491)	\$ (1,456)
9080	\$ 36,701	\$ 270,726	\$ (234,025)	6.0531%	\$ (237,095)	\$ (3,069)
9200	\$ 109,584	\$ 627,278	\$ (517,694)	13.3902%	\$ (524,484)	\$ (8,790)
9220	\$ 2	\$ (7)	\$ 9	-0.0002%	\$ 9	\$ 0
9250	\$ 14,000	\$ 40,822	\$ (26,823)	0.6938%	\$ (27,175)	\$ (352)
9280	\$ (91)	\$ 152	\$ (243)	0.0063%	\$ (246)	\$ (3)
9302	\$ 10,317	\$ 23,734	\$ (13,417)	0.3470%	\$ (13,593)	\$ (176)
9350	\$ 82,736	\$ 184,797	\$ (102,061)	2.6398%	\$ (103,400)	\$ (1,339)
	\$ 5,933,784	\$ 9,800,004	\$ (3,866,220)	100%	\$ (3,916,929)	\$ (50,709)

Staff Adjustment to  
SWEPCO Request

SOUTHWESTERN ELECTRIC POWER COMPANY  
Annual Incentive Normalization  
For the Test Year Ended March 31, 2020

SWEPKO Proposed  
Adjustment @ RFP  
Sch.a-3.2

Staff Adj -  
Corrected Amt  
Per Response  
to OPUC 1-15

Total should be  
\$ (3,916,929)

Staff  
Adj to  
Co. Request

Acct Reference	Exp Amt As Adjusted	TY Amt Per Books	Total Adjustment			
5000	\$ 231,337	\$ 603,804	\$ (372,466)	9.6339%	(377,352)	(4,885)
5010	\$ 3,733	9,636	(5,903)	0.1527%	(5,980)	(77)
5020	\$ 437,142	1,137,336	(700,194)	18.1106%	(709,378)	(9,184)
5050	\$ 375,625	974,759	(599,134)	15.4966%	(606,992)	(7,858)
5060	\$ 901,968	(333,497)	1,235,465	-31.9554%	1,251,670	16,204
5100	\$ 189,455	490,228	(300,773)	7.7795%	(304,718)	(3,945)
5110	\$ 42,159	109,586	(67,427)	1.7440%	(68,312)	(884)
5120	\$ 438,168	1,135,833	(697,665)	18.0451%	(706,815)	(9,151)
5130	\$ 113,023	292,363	(179,340)	4.6386%	(181,692)	(2,352)
5140	\$ 83,192	216,504	(133,311)	3.4481%	(135,060)	(1,749)
5420	\$ 5	15	(9)	0.0002%	(10)	(0)
5440	\$ 160	411	(250)	0.0065%	(254)	(3)
5480	\$ 10,411	26,967	(16,555)	0.4282%	(16,772)	(217)
5520	\$ 24	63	(38)	0.0010%	(39)	(1)
5530	\$ 15,338	39,940	(24,602)	0.6363%	(24,925)	(323)
5600	\$ 95,987	226,295	(130,309)	3.3704%	(132,018)	(1,709)
5612	\$ 45	112	(67)	0.0017%	(68)	(1)
5620	\$ 21,446	49,876	(28,430)	0.7353%	(28,803)	(373)
5630	\$ 613	1,645	(1,033)	0.0267%	(1,046)	(14)
5660	\$ 148,706	(124,373)	273,078	-7.0632%	276,660	3,582
5680	\$ 124	312	(187)	0.0048%	(190)	(2)
5690	\$ 289	630	(341)	0.0088%	(346)	(4)
5700	\$ 65,684	152,189	(86,504)	2.2374%	(87,639)	(1,135)
5710	\$ 24,816	58,328	(33,512)	0.8668%	(33,952)	(440)
5800	\$ 20,217	101,119	(80,902)	2.0925%	(81,963)	(1,061)
5820	\$ 19,180	44,209	(25,028)	0.6474%	(25,357)	(328)
5830	\$ 34,696	206,416	(171,720)	4.4416%	(173,973)	(2,252)
5840	\$ 11,267	71,582	(60,315)	1.5601%	(61,106)	(791)
5850	\$ 215	4,523	(4,309)	0.1114%	(4,365)	(57)
5860	\$ 62,040	401,214	(339,174)	8.7728%	(343,623)	(4,449)
5870	\$ 5,707	31,941	(26,234)	0.6785%	(26,578)	(344)
5880	\$ 1,852,502	289,216	1,563,286	-40.4345%	1,583,790	20,504
5900	\$ 3,485	18,494	(15,009)	0.3882%	(15,206)	(197)
5910	\$ 316	689	(373)	0.0096%	(378)	(5)
5920	\$ 37,288	85,348	(48,059)	1.2431%	(48,690)	(630)
5930	\$ 287,760	1,452,909	(1,165,149)	30.1366%	(1,180,431)	(15,282)
5940	\$ 3,094	23,055	(19,961)	0.5163%	(20,223)	(262)
5950	\$ 520	9,649	(9,129)	0.2361%	(9,249)	(120)
5960	\$ 1,790	22,968	(21,178)	0.5478%	(21,456)	(278)
5970	\$ 6,977	42,168	(35,189)	0.9102%	(35,650)	(462)
5980	\$ 3,243	23,353	(20,110)	0.5201%	(20,374)	(264)
9010	\$ 9,657	72,943	(63,286)	1.6369%	(64,116)	(830)
9020	\$ 34,074	213,176	(179,102)	4.6325%	(181,451)	(2,349)
9030	\$ 66,402	336,882	(270,480)	6.9960%	(274,027)	(3,548)
9070	\$ 20,655	131,689	(111,035)	2.8719%	(112,491)	(1,456)
9080	\$ 36,701	270,726	(234,025)	6.0531%	(237,095)	(3,069)
9200	\$ 109,584	627,278	(517,694)	13.3902%	(524,484)	(6,790)
9220	\$ 2	(7)	9	-0.0002%	9	0
9250	\$ 14,000	40,822	(26,823)	0.6938%	(27,175)	(352)
9280	\$ (91)	152	(243)	0.0063%	(246)	(3)
9302	\$ 10,317	23,734	(13,417)	0.3470%	(13,593)	(176)
9350	\$ 82,736	184,797	(102,061)	2.6398%	(103,400)	(1,339)
	\$ 5,933,784	\$ 9,800,004	\$ (3,866,220)	100%	(3,916,929)	(50,709)

SOUTHWESTERN ELECTRIC POWER COMPANY  
Annual Incentive Normalization  
For the Test Year Ended March 31, 2020

Line No.	(1) Description	(2) Schedule A Reference	(3) Worksheet Reference	(4) Acct Reference	(5) Exp Amt As Adjusted	(6) TY Amt Per Books	(7) Total Adjustment
1	Annual Incentive Normalization	Sch A, In 4	WPIA-3.2	5000	\$ 231,337	\$ 603,804	\$ (372,466)
2		Sch A, In 3	WPIA-3.2	5010	\$ 3,733	9,636	(5,903)
3		Sch A, In 4	WPIA-3.2	5020	\$ 437,142	1,137,336	(700,194)
4		Sch A, In 4	WPIA-3.2	5050	\$ 375,625	974,759	(599,134)
5		Sch A, In 4	WPIA-3.2	5060	\$ 901,968	(333,497)	1,235,465
6		Sch A, In 4	WPIA-3.2	5100	\$ 189,455	490,226	(300,773)
7		Sch A, In 4	WPIA-3.2	5110	\$ 42,159	109,586	(67,427)
8		Sch A, In 4	WPIA-3.2	5120	\$ 438,168	1,135,833	(697,665)
9		Sch A, In 4	WPIA-3.2	5130	\$ 113,023	292,363	(179,340)
10		Sch A, In 4	WPIA-3.2	5140	\$ 83,192	215,504	(132,311)
11		Sch A, In 4	WPIA-3.2	5420	\$ 5	15	(9)
12		Sch A, In 4	WPIA-3.2	5440	\$ 160	411	(250)
13		Sch A, In 4	WPIA-3.2	5480	\$ 10,411	26,967	(16,555)
14		Sch A, In 4	WPIA-3.2	5520	\$ 24	63	(38)
15		Sch A, In 4	WPIA-3.2	5530	\$ 15,338	39,940	(24,602)
16		Sch A, In 4	WPIA-3.2	5600	\$ 95,987	225,295	(130,309)
17		Sch A, In 4	WPIA-3.2	5612	\$ 45	112	(67)
18		Sch A, In 4	WPIA-3.2	5620	\$ 21,446	49,876	(28,430)
19		Sch A, In 4	WPIA-3.2	5630	\$ 613	1,645	(1,033)
20		Sch A, In 4	WPIA-3.2	5660	\$ 148,706	(124,373)	273,078
21		Sch A, In 4	WPIA-3.2	5680	\$ 124	312	(187)
22		Sch A, In 4	WPIA-3.2	5690	\$ 289	630	(341)
23		Sch A, In 4	WPIA-3.2	5700	\$ 65,684	152,189	(86,504)
24		Sch A, In 4	WPIA-3.2	5710	\$ 24,816	58,328	(33,512)
25		Sch A, In 4	WPIA-3.2	5800	\$ 20,217	101,119	(80,902)
26		Sch A, In 4	WPIA-3.2	5820	\$ 19,180	44,209	(25,028)
27		Sch A, In 4	WPIA-3.2	5830	\$ 34,696	206,416	(171,720)
28		Sch A, In 4	WPIA-3.2	5840	\$ 11,267	71,582	(60,315)
29		Sch A, In 4	WPIA-3.2	5850	\$ 215	4,523	(4,309)
30		Sch A, In 4	WPIA-3.2	5860	\$ 62,040	401,214	(339,174)
31		Sch A, In 4	WPIA-3.2	5870	\$ 5,707	31,941	(26,234)
32		Sch A, In 4	WPIA-3.2	5880	\$ 1,852,502	289,216	1,563,286
33		Sch A, In 4	WPIA-3.2	5900	\$ 3,485	18,494	(15,009)
34	Annual Incentive Normalization	Sch A, In 4	WPIA-3.2	5910	\$ 316	689	(373)
35		Sch A, In 4	WPIA-3.2	5920	\$ 37,288	85,348	(48,059)
36		Sch A, In 4	WPIA-3.2	5930	\$ 287,760	1,452,909	(1,165,149)
37		Sch A, In 4	WPIA-3.2	5940	\$ 3,094	23,055	(19,961)
38		Sch A, In 4	WPIA-3.2	5950	\$ 520	9,649	(9,129)
39		Sch A, In 4	WPIA-3.2	5960	\$ 1,790	22,968	(21,178)
40		Sch A, In 4	WPIA-3.2	5970	\$ 6,977	42,166	(35,189)
41		Sch A, In 4	WPIA-3.2	5980	\$ 3,243	23,353	(20,110)
42		Sch A, In 4	WPIA-3.2	9010	\$ 9,657	72,943	(63,286)
43		Sch A, In 4	WPIA-3.2	9020	\$ 34,074	213,176	(179,102)
44		Sch A, In 4	WPIA-3.2	9030	\$ 66,402	336,882	(270,480)
45		Sch A, In 4	WPIA-3.2	9070	\$ 20,655	131,589	(111,035)
46		Sch A, In 4	WPIA-3.2	9080	\$ 36,701	270,726	(234,025)
47		Sch A, In 4	WPIA-3.2	9200	\$ 109,584	627,278	(517,694)
48		Sch A, In 4	WPIA-3.2	9220	\$ 2	(7)	9
49		Sch A, In 4	WPIA-3.2	9250	\$ 14,000	40,822	(26,823)
50		Sch A, In 4	WPIA-3.2	9280	\$ (91)	152	(243)
51		Sch A, In 4	WPIA-3.2	9302	\$ 10,317	23,734	(13,417)
52		Sch A, In 4	WPIA-3.2	9350	\$ 82,736	184,797	(102,061)
53	Total				\$ 5,933,784	\$ 9,800,004	\$ (3,866,220)

Justification for requested adjustment:

Adjust annual ICP expense to reflect a normalized payout target level of 1.0 and remove 1/2 of funding measures. The discussion of this adjustment can be found in the testimonies of Mr. Michael Baird and Mr. Andrew Carlin.

## STAFF ADJUSTMENT TO AEPSC INCENTIVE COMPENSATION

From Exhibit BIF-18			CARD 10-1 BIF 18-1,4,5	BIF-18		Correct Amt. Resp. to OPUC-15	Staff adj. to SWEPCO Request
FERC Account Number	Total Company Per Books	BIF 18-2 Pro Forma Adjustment	Other Adj	Total Company Request	Percent of Total	\$3,151,599	
5000 - Oper Supervision & Engineering	\$ 1,675,342	\$ (984,923)		\$ 690,418	21.8644%	\$ 689,078	\$ (1,341)
5010 - Fuel	\$ 111,500	\$ (65,060)		\$ 46,440	1.4707%	\$ 46,350	\$ (90)
5020 - Steam Expenses	\$ 29,794	\$ (17,415)		\$ 12,379	0.3920%	\$ 12,355	\$ (24)
5050 - Electric Expenses	\$ 488	\$ (294)		\$ 173	0.0055%	\$ 173	\$ (0)
5060 - Misc Steam Power Expenses	\$ (1,152,781)	\$ 757,039		\$ (395,722)	-12.5319%	\$ (394,954)	\$ 768
5100 - Maint Supv & Engineering	\$ 51,388	\$ (30,969)		\$ 20,419	0.6466%	\$ 20,379	\$ (40)
5110 - Maintenance of Structures	\$ 69,882	\$ (39,381)		\$ 30,521	0.9665%	\$ 30,461	\$ (59)
5120 - Maintenance of Boiler Plant	\$ 276,408	\$ (168,652)		\$ 109,756	3.4758%	\$ 109,543	\$ (213)
5130 - Maintenance of Electric Plant	\$ 67,210	\$ (40,383)		\$ 28,827	0.8496%	\$ 28,775	\$ (52)
5140 - Maintenance of Misc Steam Pll	\$ 11,988	\$ (6,767)		\$ 5,219	0.1653%	\$ 5,209	\$ (10)
5240 - Misc Nuclear Power Expenses	\$ 0	\$ (0)		\$ -	0.0000%	\$ -	\$ -
5260 - Maint Supv & Engineering	\$ 1,011	\$ (598)		\$ 414	0.0131%	\$ 413	\$ (1)
5290 - Maintenance of Structures	\$ 37	\$ (23)		\$ 14	0.0004%	\$ 14	\$ (0)
5300 - Maint of Reactor Plant Equip	\$ 3	\$ (2)		\$ 1	0.0000%	\$ 1	\$ (0)
5310 - Maintenance of Electric Plant	\$ 1	\$ (1)		\$ 0	0.0000%	\$ 0	\$ (0)
5350 - Oper Supervision & Engineering	\$ 654	\$ (387)		\$ 267	0.0084%	\$ 266	\$ (1)
5370 - Hydraulic Expenses	\$ 75	\$ (46)		\$ 28	0.0009%	\$ 28	\$ (0)
5390 - Misc Hydr Power Generation Exp	\$ 551	\$ (343)		\$ 208	0.0066%	\$ 208	\$ (0)
5450 - Maint of Misc Hydraulic Plant	\$ 90	\$ (42)		\$ 48	0.0015%	\$ 48	\$ (0)
5510 - Maint Supv & Engineering	\$ (3)	\$ 2		\$ (1)	0.0000%	\$ (1)	\$ 0
5530 - Maintenance of Generating Pll	\$ 1,749	\$ (1,074)		\$ 675	0.0214%	\$ 674	\$ (1)
5560 - Sys Control & Load Dispatching	\$ 224,640	\$ (131,015)		\$ 93,625	2.9650%	\$ 93,448	\$ (182)
5570 - Other Expenses	\$ 526,644	\$ (312,317)		\$ 214,327	6.7874%	\$ 213,911	\$ (416)
5600 - Oper Supervision & Engineering	\$ 878,221	\$ (548,347)		\$ 329,874	10.4466%	\$ 329,234	\$ (640)
5612 - Load Dispatch-Mntr&Op TransSys	\$ 131,443	\$ (82,188)		\$ 49,275	1.5605%	\$ 49,179	\$ (96)
5615 - Reliability, Ping&Sids Develop	\$ 32,061	\$ (20,060)		\$ 12,001	0.3801%	\$ 11,978	\$ (23)
5620 - Station Expenses	\$ 823	\$ (504)		\$ 319	0.0101%	\$ 318	\$ (1)
5630 - Overhead Line Expenses	\$ 2,871	\$ (1,785)		\$ 1,086	0.0344%	\$ 1,084	\$ (2)
5660 - Misc Transmission Expenses	\$ 190,250	\$ (117,988)		\$ 72,262	2.2884%	\$ 72,122	\$ (140)
5670 - Rents	\$ 11	\$ (7)		\$ 4	0.0001%	\$ 4	\$ (0)
5680 - Maint Supv & Engineering	\$ 1,281	\$ (817)		\$ 464	0.0147%	\$ 463	\$ (1)
5690 - Maintenance of Structures	\$ 13	\$ (9)		\$ 5	0.0001%	\$ 5	\$ (0)
5691 - Maint of Computer Hardware	\$ 1,177	\$ (737)		\$ 439	0.0139%	\$ 438	\$ (1)
5692 - Maint of Computer Software	\$ 19,015	\$ (11,868)		\$ 7,147	0.2263%	\$ 7,133	\$ (14)
5700 - Maint of Station Equipment	\$ 28,939	\$ (18,162)		\$ 10,777	0.3413%	\$ 10,756	\$ (21)
5710 - Maintenance of Overhead Lines	\$ 4,278	\$ (2,719)		\$ 1,559	0.0494%	\$ 1,556	\$ (3)
5730 - Maint of Misc Trmsmission Pll	\$ 195	\$ (122)		\$ 73	0.0023%	\$ 73	\$ (0)
5800 - Oper Supervision & Engineering	\$ 200,838	\$ (124,340)		\$ 76,497	2.4225%	\$ 76,349	\$ (149)
5820 - Station Expenses	\$ 8,921	\$ (5,535)		\$ 3,388	0.1072%	\$ 3,379	\$ (7)
5830 - Overhead Line Expenses	\$ 85	\$ (43)		\$ 22	0.0007%	\$ 22	\$ (0)
5840 - Underground Line Expenses	\$ 2,473	\$ (1,553)		\$ 920	0.0291%	\$ 919	\$ (2)
5860 - Meter Expenses	\$ 25,294	\$ (18,111)		\$ 9,183	0.2908%	\$ 9,165	\$ (18)
5880 - Miscellaneous Distribution Exp	\$ (387,100)	\$ 255,041		\$ (132,059)	-4.1821%	\$ (131,803)	\$ 256
5900 - Maint Supv & Engineering	\$ 1,654	\$ (1,035)		\$ 619	0.0196%	\$ 618	\$ (1)
5920 - Maint of Station Equipment	\$ 12,493	\$ (7,812)		\$ 4,681	0.1492%	\$ 4,671	\$ (9)
5930 - Maintenance of Overhead Lines	\$ 7,792	\$ (4,943)		\$ 2,849	0.0902%	\$ 2,844	\$ (6)
5970 - Maintenance of Meters	\$ 40	\$ (25)		\$ 14	0.0005%	\$ 14	\$ (0)
9010 - Supervision - Customer Accts	\$ 8,989	\$ (5,724)		\$ 3,264	0.1034%	\$ 3,258	\$ (6)
9020 - Meter Reading Expenses	\$ 15,599	\$ (9,895)		\$ 5,704	0.1806%	\$ 5,693	\$ (11)
9030 - Cust Records & Collection Exp	\$ 1,126,010	\$ (718,889)		\$ 407,121	12.8928%	\$ 406,330	\$ (790)
9050 - Misc Customer Accounts Exp	\$ 2,844	\$ (1,810)		\$ 1,034	0.0327%	\$ 1,032	\$ (2)
9070 - Supervision - Customer Service	\$ 14,053	\$ (9,005)		\$ 5,048	0.1598%	\$ 5,038	\$ (10)
9080 - Customer Assistance Expenses	\$ 8,083	\$ (5,188)		\$ 2,897	0.0917%	\$ 2,891	\$ (6)
9100 - Misc Cust Svc&Informational Ex	\$ 2,968	\$ (1,807)		\$ 1,161	0.0368%	\$ 1,159	\$ (2)
9120 - Demonstrating & Selling Exp	\$ 171	\$ (80)		\$ 91	0.0029%	\$ 91	\$ (0)
9200 - Administrative & Gen Salaries	\$ 4,383,996	\$ (2,763,992)	\$ (298,648)	\$ 1,303,355	41.2751%	\$ 1,300,825	\$ (2,531)
9210 - Office Supplies and Expenses	\$ 1,537	\$ (954)		\$ 584	0.0185%	\$ 582	\$ (1)
9220 - Administrative Exp Trnsf - Cr	\$ -	\$ -		\$ -	0.0000%	\$ -	\$ -
9230 - Outside Services Employed	\$ (33,147)	\$ 21,586		\$ (11,560)	-0.3661%	\$ (11,538)	\$ 22
9250 - Injuries and Damages	\$ 3,681	\$ (2,428)		\$ 1,253	0.0397%	\$ 1,251	\$ (2)
9260 - Employee Pensions & Benefits	\$ 3,605	\$ (2,333)		\$ 1,273	0.0403%	\$ 1,270	\$ (2)
9280 - Regulatory Commission Exp	\$ 308,662	\$ (200,371)		\$ 108,291	3.4294%	\$ 108,081	\$ (210)
9301 - General Advertising Expenses	\$ 27	\$ (18)		\$ 9	0.0003%	\$ 9	\$ (0)
9302 - Misc General Expenses	\$ 27,889	\$ (17,238)		\$ 10,451	0.3310%	\$ 10,431	\$ (20)
9350 - Maintenance of General Plant	\$ 27,771	\$ (17,451)		\$ 10,320	0.3268%	\$ 10,300	\$ (20)
Total	\$ 8,942,256	\$ (5,487,878)	\$ (298,648)	\$ 3,157,730	100.0000%	\$ 3,151,599	\$ (6,131)

Staff adjustment to  
SWEPCO request



## ADJUSTMENT TO AEPSC INCENTIVE COMPENSATION

FERC Account Number	Total Company Per Books	BIF 18-2 Pro Forma Adjustment	CARD 10-1 BIF 18-1,4,5 Other Adj	BIF-18 Total Company Request	Percent of Total	Correct Amt. Resp. to OPUC-15 \$3,151,599	Staff adj. to SWEPCO Request
5000 - Oper Supervision & Engineering	\$ 1,675,342	\$ (984,923)		\$ 690,418	21.8644%	689,078	(1,341)
5010 - Fuel	111,500	(65,060)		46,440	1.4707%	46,350	(90)
5020 - Steam Expenses	29,794	(17,415)		12,379	0.3920%	12,355	(24)
5050 - Electric Expenses	468	(294)		173	0.0055%	173	(0)
5060 - Misc Steam Power Expenses	(1,152,761)	757,039		(395,722)	-12.5319%	(394,954)	768
5100 - Maint Supv & Engineering	51,388	(30,969)		20,419	0.6466%	20,379	(40)
5110 - Maintenance of Structures	69,882	(39,361)		30,521	0.9665%	30,461	(59)
5120 - Maintenance of Boiler Plant	276,408	(166,652)		109,756	3.4758%	109,543	(213)
5130 - Maintenance of Electric Plant	67,210	(40,383)		26,827	0.8496%	26,775	(52)
5140 - Maintenance of Misc Steam Plt	11,986	(6,767)		5,219	0.1653%	5,209	(10)
5240 - Misc Nuclear Power Expenses	0	(0)		-	0.0000%	-	-
5280 - Maint Supv & Engineering	1,011	(598)		414	0.0131%	413	(1)
5290 - Maintenance of Structures	37	(23)		14	0.0004%	14	(0)
5300 - Maint of Reactor Plant Equip	3	(2)		1	0.0000%	1	(0)
5310 - Maintenance of Electric Plant	1	(1)		0	0.0000%	0	(0)
5360 - Oper Supervision & Engineering	654	(387)		267	0.0084%	266	(1)
5370 - Hydraulic Expenses	75	(46)		28	0.0009%	28	(0)
5390 - Misc Hydr Power Generation Exp	551	(343)		208	0.0066%	208	(0)
5450 - Maint of Misc Hydraulic Plant	90	(42)		48	0.0015%	48	(0)
5510 - Maint Supv & Engineering	(3)	2		(1)	0.0000%	(1)	0
5530 - Maintenance of Generating Plt	1,749	(1,074)		675	0.0214%	674	(1)
5560 - Sys Control & Load Dispatching	224,640	(131,015)		93,625	2.9650%	93,443	(182)
5570 - Other Expenses	526,644	(312,317)		214,327	6.7874%	213,911	(416)
5600 - Oper Supervision & Engineering	878,221	(548,347)		329,874	10.4466%	329,234	(640)
5612 - Load Dispatch-Mntr&Op TransSys	131,443	(82,168)		49,275	1.5605%	49,179	(96)
5615 - Reliability, Ping&Stds Develop	32,061	(20,060)		12,001	0.3801%	11,978	(23)
5620 - Station Expenses	823	(504)		319	0.0101%	318	(1)
5630 - Overhead Line Expenses	2,871	(1,785)		1,086	0.0344%	1,084	(2)
5660 - Misc Transmission Expenses	190,250	(117,988)		72,262	2.2884%	72,122	(140)
5670 - Rents	11	(7)		4	0.0001%	4	(0)
5680 - Maint Supv & Engineering	1,281	(817)		464	0.0147%	463	(1)
5690 - Maintenance of Structures	13	(9)		5	0.0001%	5	(0)
5691 - Maint of Computer Hardware	1,177	(737)		439	0.0139%	438	(1)
5692 - Maint of Computer Software	19,015	(11,858)		7,147	0.2263%	7,133	(14)
5700 - Maint of Station Equipment	28,939	(18,162)		10,777	0.3413%	10,756	(21)
5710 - Maintenance of Overhead Lines	4,278	(2,719)		1,559	0.0494%	1,556	(3)
5730 - Maint of Misc Trmsmission Plt	195	(122)		73	0.0023%	73	(0)
5800 - Oper Supervision & Engineering	200,638	(124,340)		76,497	2.4225%	76,349	(149)
5820 - Station Expenses	8,921	(5,536)		3,386	0.1072%	3,379	(7)
5830 - Overhead Line Expenses	65	(43)		22	0.0007%	22	(0)
5840 - Underground Line Expenses	2,473	(1,553)		920	0.0291%	919	(2)
5860 - Meter Expenses	25,294	(16,111)		9,183	0.2908%	9,165	(18)
5880 - Miscellaneous Distribution Exp	(387,100)	255,041		(132,059)	-4.1821%	(131,803)	256
5900 - Maint Supv & Engineering	1,654	(1,035)		619	0.0196%	618	(1)
5920 - Maint of Station Equipment	12,493	(7,812)		4,681	0.1482%	4,671	(9)
5930 - Maintenance of Overhead Lines	7,792	(4,943)		2,849	0.0902%	2,844	(6)
5970 - Maintenance of Motors	40	(25)		14	0.0005%	14	(0)
9010 - Supervision - Customer Accts	8,989	(5,724)		3,264	0.1034%	3,258	(6)
9020 - Meter Reading Expenses	15,599	(9,895)		5,704	0.1806%	5,693	(11)
9030 - Cust Records & Collection Exp	1,126,010	(718,889)		407,121	12.8928%	406,330	(790)
9050 - Misc Customer Accounts Exp	2,844	(1,810)		1,034	0.0327%	1,032	(2)
9070 - Supervision - Customer Service	14,053	(9,005)		5,048	0.1598%	5,038	(10)
9080 - Customer Assistance Expenses	8,083	(5,186)		2,897	0.0917%	2,891	(6)
9100 - Misc Cust Svc&Informational Ex	2,968	(1,807)		1,161	0.0368%	1,159	(2)
9120 - Demonstrating & Selling Exp	171	(80)		91	0.0029%	91	(0)
9200 - Administrative & Gen Salaries	4,363,996	(2,763,992)	(296,648)	1,303,355	41.2751%	1,300,825	(2,531)
9210 - Office Supplies and Expenses	1,537	(954)		584	0.0185%	582	(1)
9220 - Administrative Exp Trnst - Cr		-		-	0.0000%	-	-
9230 - Outside Services Employed	(33,147)	21,586		(11,560)	-0.3661%	(11,538)	22
9250 - Injunes and Damages	3,681	(2,428)		1,253	0.0397%	1,251	(2)
9260 - Employee Pensions & Benefits	3,605	(2,333)		1,273	0.0403%	1,270	(2)
9280 - Regulatory Commission Exp	308,662	(200,371)		108,291	3.4294%	108,081	(210)
9301 - General Advertising Expenses	27	(18)		9	0.0003%	9	(0)
9302 - Misc General Expenses	27,689	(17,238)		10,451	0.3310%	10,431	(20)
9350 - Maintenance of General Plant	27,771	(17,451)		10,320	0.3268%	10,300	(20)
Total	<u>\$ 8,942,256</u>	<u>\$ (5,487,878)</u>	<u>\$ (296,648)</u>	<u>\$ 3,157,730</u>	100.0000%	<u>\$ 3,151,599</u>	<u>\$ (6,131)</u>

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

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

Question No. CARD 10-1:

AEPSC ICP: Please refer to the table on page 22 of the Direct Testimony of Michael A. Baird and to the file BJF-18 (tab 2). The per book expense for AEPSC is identical on both the table and tab 2, but the total of the adjustments on the table does not match the adjustment amount on tab 2, nor do the requested amounts match. Please reconcile the adjustment and requested amounts and provide a corrected table in the format of the table on page 22 of Mr. Baird's testimony.

Response No. CARD 10-1:

The AEPSC proforma adjustments on Exhibit BJF-18 correspond to the numbered proforma adjustments on pages 12-13 of the Direct Testimony of Brian J. Frantz. Tab 2 of Exhibit BJF-18 represents just the portion of incentive compensation removed from Company's request to normalize to target level, excluding financial measures. There is additional incentive compensation removed through some of the other proforma adjustments on Exhibit BJF-18. Page 22 of the Direct Testimony of Michael A. Baird represents the total proforma adjustments made to AEPSC incentive compensation and are the total amount of requested AEPSC ICP. See reconciliation below between Exhibit BJF-18 and page 22 of Mr. Baird's testimony:

Exhibit BJF-18 Per Books AEPSC ICP  
Exhibit BJF-18 AEPSC ICP Adjustment in Tab 2  
Exhibit BJF-18 AEPSC ICP Adjustment in Tab 1  
Exhibit BJF-18 AEPSC ICP Adjustment in Tab 4  
Exhibit BJF-18 AEPSC ICP Adjustment in Tab 5  
Page 22 of Baird Testimony: Requested AEPSC ICP

\$8,942,256	
(\$5,487,878)	
(\$20,394)	} 5,784,744
\$109	
(\$276,363)	
\$3,157,730	
3,151,599	
6,131	Step 2 Adj

Prepared By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

Southwestern Electric Power Company  
Normalize Annual Incentive Compensation  
For the Test Year Ended March 31, 2020  
Pro-Forma No. 2

Line No.	Description	FERC Account Number	Total Company Per Books	Pro Forma Adjustment	Total Company Request
1	Normalize Incentive	5000 - Oper Supervision & Engineering	\$ 1,675,342	\$ (984,923)	\$ 690,418
2		5010 - Fuel	111,500	(65,060)	46,440
3		5020 - Steam Expenses	29,794	(17,415)	12,379
4		5050 - Electric Expenses	468	(294)	173
5		5060 - Misc Steam Power Expenses	(1,152,761)	757,039	(395,722)
6		5100 - Maint Supv & Engineering	51,388	(30,969)	20,419
7		5110 - Maintenance of Structures	69,882	(39,361)	30,521
8		5120 - Maintenance of Boiler Plant	276,408	(166,652)	109,756
9		5130 - Maintenance of Electric Plant	67,210	(40,383)	26,827
10		5140 - Maintenance of Misc Steam Plt	11,985	(5,767)	5,219
11		5240 - Misc Nuclear Power Expenses	0	(0)	-
12		5280 - Maint Supv & Engineering	1,011	(598)	414
13		5290 - Maintenance of Structures	37	(23)	14
14		5300 - Maint of Reactor Plant Equip	3	(2)	1
15		5310 - Maintenance of Electric Plant	1	(1)	0
16		5350 - Oper Supervision & Engineering	654	(387)	267
17		5370 - Hydraulic Expenses	75	(46)	28
18		5390 - Misc Hydr Power Generation Exp	551	(343)	208
19		5450 - Maint of Misc Hydraulic Plant	90	(42)	48
20		5510 - Maint Supv & Engineering	(3)	2	(1)
21		5530 - Maintenance of Generating Plt	1,749	(1,074)	675
22		5560 - Sys Control & Load Dispatching	224,640	(131,015)	93,625
23		5570 - Other Expenses	526,644	(312,317)	214,327
24		5600 - Oper Supervision & Engineering	878,221	(548,347)	329,874
25		5612 - Load Dispatch-Mnt&Op TransSys	131,443	(82,168)	49,275
26		5615 - Reliability,Plng&Slds Develop	32,061	(20,060)	12,001
27		5620 - Station Expenses	823	(504)	319
28		5630 - Overhead Line Expenses	2,871	(1,785)	1,086
29		5660 - Misc Transmission Expenses	190,250	(117,986)	72,262
30		5670 - Rents	11	(7)	4
31		5680 - Maint Supv & Engineering	1,281	(817)	464
32		5690 - Maintenance of Structures	13	(9)	5
33		5691 - Maint of Computer Hardware	1,177	(737)	439
34		5692 - Maint of Computer Software	19,015	(11,868)	7,147
35		5700 - Maint of Station Equipment	28,939	(18,162)	10,777
36		5710 - Maintenance of Overhead Lines	4,278	(2,719)	1,559
37		5730 - Maint of Misc Trnsmssn Plt	195	(122)	73
38		5800 - Oper Supervision & Engineering	200,838	(124,340)	76,497
39		5820 - Station Expenses	8,921	(5,536)	3,386
40		5830 - Overhead Line Expenses	65	(43)	22
41		5840 - Underground Line Expenses	2,473	(1,553)	920
42		5860 - Meter Expenses	25,294	(16,111)	9,183
43		5880 - Miscellaneous Distribution Exp	(387,100)	255,041	(132,059)
44		5900 - Maint Supv & Engineering	1,654	(1,035)	619
45		5920 - Maint of Station Equipment	12,493	(7,812)	4,681
46		5930 - Maintenance of Overhead Lines	7,792	(4,943)	2,849
47		5970 - Maintenance of Meters	40	(25)	14
48		9010 - Supervision - Customer Accts	8,989	(5,724)	3,264
49		9020 - Meter Reading Expenses	15,599	(9,895)	5,704
50		9030 - Cust Records & Collection Exp	1,126,010	(718,889)	407,121
51		9050 - Misc Customer Accounts Exp	2,844	(1,810)	1,034
52		9070 - Supervision - Customer Service	14,053	(9,005)	5,048
53		9080 - Customer Assistance Expenses	8,083	(5,186)	2,897
54		9100 - Misc Cust Svc&Informational Ex	2,968	(1,807)	1,161
55		9120 - Demonstrating & Selling Exp	171	(80)	91
56		9200 - Administrative & Gen Salanes	4,363,996	(2,763,992)	1,600,003
57		9210 - Office Supplies and Expenses	1,537	(954)	584
58		9220 - Administrative Exp Trnsf - Cr	-	-	-
59		9230 - Outside Services Employed	(33,147)	21,586	(11,560)
60		9250 - Injuries and Damages	3,681	(2,428)	1,253
61		9260 - Employee Pensions & Benefits	3,605	(2,333)	1,273
62		9280 - Regulatory Commission Exp	308,662	(200,371)	108,291
63		9301 - General Advertising Expenses	27	(18)	9
64		9302 - Misc General Expenses	27,689	(17,238)	10,451
65		9350 - Maintenance of General Plant	27,771	(17,451)	10,320
66	Total		\$ 8,942,256	\$ (5,487,878)	\$ 3,454,378

PURPOSE

To normalize Incentive accruals to a level excluding financial measures. The test year was normalized by taking the per books Incentive accrual and reducing to 100% to represent a level 12 months. Then the Incentives were further normalized to exclude Incentives tied to financial measures.

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

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF  
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

**Question No. OPUC 1-15:**

Please refer to the Direct Testimony of Mr. Michael A. Baird, page 22. Please provide the underlying computation and supporting documentation for each of the numbers included in the Annual Incentive Plan Chart and the Long-Term Incentive Plan chart on page 22 of Mr. Baird's Direct Testimony.

**Response No. OPUC 1-15:**

Please refer to OPUC 1-15 Attachments 1 & 2 for underlying computation and supporting documentation for AEPSC amounts and OPUC 1-15 Attachment 3 for the underlying calculation and supporting documentation for SWEPCO amounts included on page 22 of Mr. Baird's Direct Testimony. An error in the business unit financial based goal percentage for the Distribution annual incentive plan has been discovered which resulted in a change in the amounts reported in the Annual Incentive Plan Chart on page 22 of Mr. Baird's Direct Testimony. Please see OPUC 1-15 Attachment 4 for the updated chart and OPUC 1-15 Attachments 5 and 6 for the underlying computation and supporting documentation for the SWEPCO and AEPSC amount respectively.

All attachments responsive to this request are provided electronically on the PUC Interchange.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

# ADJ. TO INCENTIVE COMP

SOAH Docket No. 473-21-0538  
PUC Docket No. 51415  
OPUC's 1st, Q. # OPUC 1-15  
Attachment 4

SOUTHWESTERN ELECTRIC POWER COMPANY  
SUMMARY OF SWEPCO AND AEPSC ANNUAL INCENTIVES REVISED  
FOR THE TEST YEAR ENDED MARCH 31, 2020

Annual Incentive Plan		
Description	SWEPCO	AEPSC
Per Book Expense	9,800,004	8,942,256
Reduction to Target Level	(1,878,186)	(3,367,674)
Target Level Incentives	7,921,818	5,574,582
Remove Direct Financial	(507,064)	(671,073)
Target Less Financial	7,414,754	4,903,509
Remove 50% of Fundings of 70% or 35%	(1,531,679)	(1,751,910)
Requested Amount	5,883,075	3,151,599

This chart replaces the one  
at p 22 of Baird direct  
testimony

	SWEPCO	AEP	
Original request	5,933,784	3,157,730	
amended req	5,883,075	3,151,599	
per RFI	<u>50,709</u>	<u>6,131</u>	Staff Adj.

OPUC 1-15  
 AH 1

Sum of SumOfAMOUNT		Incentive Type		
Source2	Source	Annual Incentive Plan	Long-Term Incentive Plan	Grand Total
PER BOOKS	Per Books	8,942,255.89	3,172,220.18	12,114,476.07
PER BOOKS Total		8,942,255.89	3,172,220.18	12,114,476.07
PROFORMA	Proforma Adjustment # 4	109.12	43.68	152.80
	Proforma Adjustment # 2	(5,487,877.79)		(5,487,877.79)
	Proforma Adjustment # 1	(20,394.18)	(4,207.19)	(24,601.37)
	Proforma Adjustment # 5	(276,362.94)	(27,136.85)	(303,499.79)
	Proforma Adjustment # 3		(2,298,741.31)	(2,298,741.31)
PROFORMA Total		(5,784,525.79)	(2,330,041.67)	(8,114,567.46)
Grand Total		3,157,730.10	842,178.51	3,999,908.61

SOUTHWESTERN ELECTRIC POWER COMPANY  
CALCULATION OF ANNUAL INCENTIVE PLAN ADJUSTMENT  
FOR THE TEST YEAR ENDED 3/31/2020

Row Labels	2019					2020					Grand Total
	141	148	149	155	2019 Total	141	148	149	155	2020 Total	
1070	2,363,597.05	240,493.71	305,078.78	524,726.06	3,433,895.61	483,322.08	39,054.64	33,381.60	139,671.64	695,429.97	4,129,325.58
1080	365,619.95	20,772.22	47,949.59	40,624.71	474,966.47	76,218.40	4,295.66	6,545.18	9,432.68	96,491.93	571,458.40
1510		937.23	41,740.09		42,677.31		173.28	10,674.06		10,847.34	53,524.65
1520		9,743.41	433,125.31		442,868.72		1,963.19	119,701.69		121,664.89	564,533.61
1630		0.00			0.00		0.00			0.00	0.00
1830	0.00		0.00		0.00	0.00				0.00	0.00
1840	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00
1850	24,114.71				24,114.71	5,269.28				5,269.28	29,383.99
1860	121,245.07	2,829.07	857.61	(4,225.80)	120,705.95	67.56				67.56	120,773.51
1880	(21.17)	0.12		(28.67)	(49.72)	(37.16)	(1.61)			(38.77)	(88.49)
2420			0.00		0.00			0.00		0.00	0.00
4010		503.38	127.83		631.21						631.21
4264	22,277.66	1,242.55			23,520.21	3,880.60	204.72			4,085.33	27,605.54
4265	5,730.68	196.34	2,876.84		8,803.86	490.08	16.91	495.71		1,002.69	9,806.55
5000	15,445.09	11,613.78	413,633.96		440,692.82		3,260.16	159,850.68		163,110.85	603,803.67
5010		195.38	8,411.33		8,606.70		16.94	1,012.19		1,029.13	9,635.83
5020		21,447.87	858,044.18		879,492.05		4,500.14	253,343.74		257,843.88	1,137,335.93
5050		19,416.04	769,747.90		789,163.95		3,383.64	182,211.71		185,595.35	974,759.29
5060		9,376.68	378,440.73	8.98	387,826.39	(790,001.10)	1,276.45	67,400.79		(721,323.86)	(333,497.47)
5100		11,409.17	404,007.07		415,416.25		1,538.77	73,273.19		74,811.96	490,228.21
5110		2,431.58	82,483.48		84,915.06		520.99	24,150.00		24,670.99	109,586.04
5120		24,622.90	909,551.97		934,174.87		3,926.32	197,732.01		201,658.33	1,135,833.20
5130		6,213.70	243,860.98	140.30	250,214.98		806.31	41,348.91	(7.33)	42,147.89	292,362.88
5140	606.81	4,927.12	157,751.12		163,285.05		1,175.76	52,042.72		53,218.48	216,503.53
5420							0.19	14.65		14.84	14.84
5440		9.19	401.57		410.75						410.75
5480		504.85	22,182.93		22,687.78		72.46	4,206.42		4,278.89	26,966.67
5520		1.52	61.06		62.58						62.58
5530		672.70	30,019.95		30,692.65		140.18	9,107.43		9,247.61	39,940.26
5600	0.00	8,611.24	10,052.12	170,675.69	189,339.05		1,218.64	1,814.65	33,923.14	36,956.43	226,295.47
5612		6.01		106.13	112.14						112.14
5620	675.07	1,654.89		37,363.11	39,693.08	86.66	318.98		9,776.92	10,182.56	49,875.63
5630	54.59	18.55		1,534.59	1,607.73	33.77	2.73		1.03	37.53	1,645.26
5660	(0.00)	1,360.75		25,922.59	27,283.34	(150,649.10)	56.13		(1,063.05)	(151,656.02)	(124,372.69)
5680		9.60		301.98	311.58						311.58
5690		29.37		373.82	403.19		6.43		220.16	226.59	629.78
5700	7,661.99	5,064.52		108,457.66	121,184.16		938.66		30,065.82	31,004.48	152,188.64
5710	321.21	2,816.10		45,797.23	48,934.54		234.95		9,158.76	9,393.71	58,328.25
5800	66,872.45	2,680.12	11,485.57	1,599.71	82,637.85	14,214.24	603.97	2,810.80	852.01	18,481.02	101,118.87
5820	67.12	2,528.59		31,924.76	34,520.47	56.16	457.03		9,174.97	9,688.16	44,208.63
5830	163,414.11	7,753.31			171,167.42	33,732.14	1,516.49			35,248.63	206,416.05
5840	55,373.82	3,139.55			58,513.37	12,346.46	722.14			13,068.61	71,581.97
5850	3,214.81	111.48			3,326.29	1,160.52	36.28			1,196.80	4,523.09
5860	316,153.06	12,705.93			328,858.99	69,639.38	2,715.73			72,355.11	401,214.10
5870	25,630.73	1,135.27			26,766.01	4,953.92	221.27			5,175.19	31,941.20
5880	1,585,420.17	37,123.19	0.00	1,522.79	1,624,066.15	(1,343,601.53)	8,764.48	(13.18)		(1,334,850.24)	289,215.91
5900	15,254.89	430.17		19.26	15,704.31	2,712.50	77.37			2,789.87	18,494.18
5910		3.69		437.18	440.87		9.74		238.76	248.50	689.37
5920		4,517.67		61,611.70	66,129.37		968.43		18,249.72	19,218.15	85,347.52

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SOUTHWESTERN ELECTRIC POWER COMPANY  
CALCULATION OF ANNUAL INCENTIVE PLAN ADJUSTMENT  
FOR THE TEST YEAR ENDED 3/31/2020

5930	1,190,146.22	50,037.99	410.04		1,240,594.25	203,221.32	8,257.88	46.94	788.60	212,314.74	1,452,909.00	
5940	17,499.45	940.41			18,439.87	4,387.53	227.53			4,615.05	23,054.92	
5950	6,847.24	296.37			7,143.61	2,428.56	76.97			2,505.54	9,649.15	
5960	16,800.30	635.77			17,436.07	5,351.94	180.04			5,531.97	22,968.05	
5970	33,587.43	1,331.22			34,918.65	6,964.98	282.31			7,247.28	42,165.94	
5980	17,925.29	852.17			18,777.46	4,355.57	219.49			4,575.06	23,352.52	
9010	56,999.30	1,663.83			58,663.13	13,879.65	400.37			14,280.02	72,943.15	
9020	168,200.11	7,222.94			175,423.05	36,183.70	1,569.05			37,752.76	213,175.80	
9030	277,485.32	10,290.34			287,775.66	47,294.56	1,811.84			49,106.40	336,882.06	
9070	103,383.21	4,706.58			108,089.79	22,654.33	945.07			23,599.40	131,689.19	
9080	210,100.57	7,751.37			217,851.94	50,980.27	1,893.82			52,874.09	270,726.03	
9200	423,421.51	46,760.94	37,205.00	239.97	507,647.42	100,741.52	6,213.82	9,710.92	2,964.16	119,630.43	627,277.84	
9220	(2.46)	(0.23)			(2.69)	(3.89)	(0.31)			(4.20)	(6.89)	
9250	9,153.92	25,881.18			35,035.10	2,000.99	236.79		3,549.57	5,787.35	40,822.45	
9280	0.00	(0.07)			(0.07)	114.96	3.33	33.39		151.68	151.62	
9302	9,339.47	848.44	4,560.15	7,342.57	22,090.64	(558.86)	59.53		2,143.19	1,643.86	23,734.49	Test Year Book O&M
9350	2.53	154,123.09			154,125.62	94.59	30,576.91			30,671.50	184,797.12	9,800,003.64
Grand Total	7,699,619.29	794,622.88	5,174,067.15	1,056,476.32	14,724,785.65	(1,076,013.42)	138,149.00	1,250,896.22	269,140.75	582,172.55	15,306,958.20	
ICP 1.0 target	3,856,860.75	410,048.25	3,136,672.50	586,656.00	7,990,237.50	1,447,495.53	139,798.18	1,119,876.49	221,157.27	2,928,327.47	10,918,564.97	
target amounts attributable to union employees	1,352,492.22	206,484.23	1,143,190.41	190,140.96		490,766.47	72,326.70	391,092.89	73,582.64		3,922,076.53	
Remove portion related to billings to co-owners												
Flint		1,258.92	106,140.76				821.21	36,089.75			144,310.65	
Pirkey		650.83	36,814.37				226.02	12,741.08			50,432.31	
Net target attributable to union employees	1,352,492.22	206,574.48	1,000,235.27	190,140.96		490,766.47	71,279.47	342,262.06	73,582.64		3,727,333.57	
1.0 non-union target	2,504,368.53	201,564.02	1,993,482.09	396,515.04		956,729.06	67,471.48	728,783.60	147,574.63		6,996,488.44	
Remove portion related to billings to co-owners												
Flint		5,271.81	188,336.16		193,607.97		8,004.60	273,200.04		281,204.65	474,812.62	
Pirkey		1,647.91	55,527.94		57,175.85		2,284.09	87,124.10		89,408.19	146,584.04	
Turk		3,922.05	183,182.24		187,104.29		4,315.29	205,919.04		210,234.33	397,338.62	
1.0 target with billings removed	2,504,368.53	190,722.24	1,566,435.76	396,515.04	4,658,041.56	956,729.06	52,867.50	162,540.41	147,574.63	1,319,711.60	5,977,753.16	
Remove BU fin goals	5.00%	15.13%	0.00%	10.00%		20.00%	22.35%	0.00%	20.00%			
	2,379,150.10	161,871.69	1,566,435.76	356,863.53	4,464,321.08	765,383.25	41,049.76	162,540.41	118,059.70	1,087,033.13	5,551,354.21	
Remove 1/2 of funding												
	35%	33.40%	35%	35%		35%	33.19%	35%	35%			
	1,546,447.57	107,799.93	1,018,183.24	231,961.30	2,904,392.03	497,499.11	27,424.53	105,651.27	76,738.81	707,313.71	3,611,705.75	
non-union red by FB plus union	2,898,939.79	314,374.41	2,018,418.52	422,102.26		988,265.58	98,703.99	447,913.33	150,321.44		7,339,039.32	

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SOUTHWESTERN ELECTRIC POWER COMPANY  
CALCULATION OF ANNUAL INCENTIVE PLAN ADJUSTMENT  
FOR THE TEST YEAR ENDED 3/31/2020

summary for M Baird testimony

test year O&M	4,797,055.34	517,904.85	4,342,311.10	495,380.02	(1,645,224.26)	92,442.20	1,080,097.97	120,036.43	9,800,003.64
total target	3,856,860.75	397,296.72	2,566,671.03	586,656.00	1,447,495.53	124,146.96	504,802.47	221,157.27	9,705,086.73
O&M %	62.303%	65.176%	83.925%	46.890%	152.900%	66.915%	86.346%	44.600%	
Target O&M	2,402,920.69	258,942.83	2,154,066.38	275,082.04	2,213,220.32	83,072.75	435,876.39	98,635.86	7,921,817.26
Adj O&M to target	(2,394,134.66)	(258,962.02)	(2,188,244.72)	(220,297.98)	3,858,444.59	(9,369.44)	(644,221.58)	(21,400.57)	(1,878,186.38)
BU fin goal O&M ad	(78,014.21)	(18,803.69)	-	(18,592.53)	(292,567.70)	(7,907.82)	-	(13,163.62)	(429,049.57)
Target less BU fin goals O&M	2,324,906.47	240,139.14	2,154,066.38	256,489.51	1,920,652.62	75,164.93	435,876.39	85,472.24	7,492,767.70
Adj O&M to remove 1/2 of funding	(518,794.50)	(35,241.91)	(460,118.30)	(58,566.45)	(409,594.78)	(9,117.31)	(49,121.46)	(18,429.07)	(1,558,983.78)
Target less BU fin goals and 1/2 of funding O&M	1,806,111.97	204,897.24	1,693,948.08	197,923.06	1,511,057.84	66,047.63	386,754.93	67,043.17	5,933,783.92

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SOUTHWESTERN ELECTRIC POWER COMPANY  
CALCULATION OF ANNUAL INCENTIVE PLAN ADJUSTMENT  
FOR THE TEST YEAR ENDED 3/31/2020

Row Labels	2019				2019 Total	2020				2020 Total	Grand Total
	141	148	149	155		141	148	149	155		
1070	2,363,597.05	240,493.71	305,078.78	524,726.06	3,433,895.61	483,322.08	39,054.64	33,381.60	139,671.64	695,429.97	4,129,325.58
1080	365,619.95	20,772.22	47,949.59	40,624.71	474,966.47	76,218.40	4,295.66	6,545.18	9,432.68	96,491.93	571,458.40
1510		937.23	41,740.09		42,677.31		173.28		10,674.06	10,847.34	53,524.65
1520		9,743.41	433,125.31		442,868.72		1,963.19	119,701.69		121,664.89	564,533.61
1630		0.00			0.00		0.00			0.00	0.00
1830	0.00		0.00		0.00	0.00				0.00	0.00
1840	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1850	24,114.71				24,114.71	5,269.28				5,269.28	29,383.99
1860	121,245.07	2,829.07	857.61	(4,225.80)	120,705.95	67.56				67.56	120,773.51
1880	(21.17)	0.12		(28.67)	(49.72)	(37.16)	(1.61)			(38.77)	(88.49)
2420			0.00		0.00				0.00	0.00	0.00
4010		503.38	127.83		631.21						631.21
4264	22,277.66	1,242.55			23,520.21	3,880.60	204.72			4,085.33	27,605.54
4265	5,730.68	196.34	2,876.84		8,803.86	490.08	16.91	495.71		1,002.69	9,806.55
5000	15,445.09	11,613.78	413,633.96		440,692.82		3,260.16	159,850.68		163,110.85	603,803.67
5010		195.38	8,411.33		8,606.70		16.94	1,012.19		1,029.13	9,635.83
5020		21,447.87	858,044.18		879,492.05		4,500.14	253,343.74		257,843.88	1,137,335.93
5050		19,416.04	769,747.90		789,163.95		3,383.64	182,211.71		185,595.35	974,759.29
5060		9,376.68	378,440.73	8.98	387,826.39	(790,001.10)	1,276.45	67,400.79		(721,323.86)	(333,497.47)
5100		11,409.17	404,007.07		415,416.25		1,538.77	73,273.19		74,811.96	490,228.21
5110		2,431.58	82,483.48		84,915.06		520.99	24,150.00		24,670.99	109,586.04
5120		24,622.90	909,551.97		934,174.87		3,926.32	197,732.01		201,658.33	1,135,833.20
5130		6,213.70	243,860.98	140.30	250,214.98		806.31	41,348.91	(7.33)	42,147.89	292,362.88
5140	606.81	4,927.12	157,751.12		163,285.05		1,175.76	52,042.72		53,218.48	216,503.53
5420							0.19	14.65		14.84	14.84
5440		9.19	401.57		410.75						410.75
5480		504.85	22,182.93		22,687.78		72.46	4,206.42		4,278.89	26,966.67
5520		1.52	61.06		62.58						62.58
5530		672.70	30,019.95		30,692.65		140.18	9,107.43		9,247.61	39,940.26
5600	0.00	8,611.24	10,052.12	170,675.69	189,339.05		1,218.64	1,814.65	33,923.14	36,956.43	226,295.47
5612		6.01		106.13	112.14						112.14
5620	675.07	1,654.89		37,363.11	39,693.08	86.66	318.98		9,776.92	10,182.56	49,875.63
5630	54.59	18.55		1,534.59	1,607.73	33.77	2.73		1.03	37.53	1,645.26
5660	(0.00)	1,360.75		25,922.59	27,283.34	(150,649.10)	56.13		(1,063.05)	(151,656.02)	(124,372.69)
5680		9.60		301.98	311.58						311.58
5690		29.37		373.82	403.19		6.43		220.16	226.59	629.78
5700	7,661.99	5,064.52		108,457.66	121,184.16		938.66		30,065.82	31,004.48	152,188.64
5710	321.21	2,816.10		45,797.23	48,934.54		234.95		9,158.76	9,393.71	58,328.25
5800	66,872.45	2,680.12	11,485.57	1,599.71	82,637.85	14,214.24	603.97	2,810.80	852.01	18,481.02	101,118.87
5820	67.12	2,528.59		31,924.76	34,520.47	56.16	457.03		9,174.97	9,688.16	44,208.63
5830	163,414.11	7,753.31			171,167.42	33,732.14	1,516.49			35,248.63	206,416.05
5840	55,373.82	3,139.55			58,513.37	12,346.46	722.14			13,068.61	71,581.97
5850	3,214.81	111.48			3,326.29	1,160.52	36.28			1,196.80	4,523.09
5860	316,153.06	12,705.93			328,858.99	69,639.38	2,715.73			72,355.11	401,214.10
5870	25,630.73	1,135.27			26,766.01	4,953.92	221.27			5,175.19	31,941.20
5880	1,585,420.17	37,123.19	0.00	1,522.79	1,624,066.15	(1,343,601.53)	8,764.48	(13.18)		(1,334,850.24)	289,215.91
5900	15,254.89	430.17		19.26	15,704.31	2,712.50	77.37			2,789.87	18,494.18
5910		3.69		437.18	440.87		9.74		238.76	248.50	689.37
5920		4,517.67		61,611.70	66,129.37		968.43		18,249.72	19,218.15	85,347.52
5930	1,190,146.22	50,037.99	410.04		1,240,594.25	203,221.32	8,257.88	46.94	788.60	212,314.74	1,452,909.00

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SOUTHWESTERN ELECTRIC POWER COMPANY  
CALCULATION OF ANNUAL INCENTIVE PLAN ADJUSTMENT  
FOR THE TEST YEAR ENDED 3/31/2020

5940	17,499.45	940.41			18,439.87	4,387.53	227.53			4,615.05	23,054.92
5950	6,847.24	296.37			7,143.61	2,428.56	76.97			2,505.54	9,649.15
5960	16,800.30	635.77			17,436.07	5,351.94	180.04			5,531.97	22,968.05
5970	33,587.43	1,331.22			34,918.65	6,964.98	282.31			7,247.28	42,165.94
5980	17,925.29	852.17			18,777.46	4,355.57	219.49			4,575.06	23,352.52
9010	56,999.30	1,663.83			58,663.13	13,879.65	400.37			14,280.02	72,943.15
9020	168,200.11	7,222.94			175,423.05	36,183.70	1,569.05			37,752.76	213,175.80
9030	277,485.32	10,290.34			287,775.66	47,294.56	1,811.84			49,106.40	336,882.06
9070	103,383.21	4,706.58			108,089.79	22,654.33	945.07			23,599.40	131,689.19
9080	210,100.57	7,751.37			217,851.94	50,980.27	1,893.82			52,874.09	270,726.03
9200	423,421.51	46,780.94	37,205.00	239.97	507,647.42	100,741.52	6,213.82	9,710.92	2,964.16	119,630.43	627,277.84
9220	(2.46)	(0.23)			(2.69)	(3.89)	(0.31)			(4.20)	(6.89)
9250	9,153.92	25,881.18			35,035.10	2,000.99	236.79		3,549.57	5,787.35	40,822.45
9280	0.00	(0.07)			(0.07)	114.96	3.33	33.39		151.68	151.62
9302	9,339.47	848.44	4,560.15	7,342.57	22,090.64	(558.86)	59.53		2,143.19	1,643.86	23,734.49
9350	2.53	154,123.09			154,125.62	94.59	30,576.91			30,671.50	184,797.12
Grand Total	7,699,619.29	794,622.88	5,174,067.15	1,056,476.32	14,724,785.65	(1,076,013.42)	138,149.00	1,250,896.22	269,140.75	582,172.55	15,306,958.20
ICP 1.0 target	3,856,860.75	410,048.25	3,136,672.50	586,656.00	7,990,237.50	1,447,495.53	139,798.18	1,119,876.49	221,157.27	2,928,327.47	10,918,564.97
target amounts attributable to union employees											
	1,352,492.22	208,484.23	1,143,190.41	190,140.96		490,766.47	72,326.70	391,092.89	73,582.64		3,922,076.53
Remove portion related to billings to co-owners											
Flint		1,258.92	106,140.76				821.21	36,089.75			144,310.65
Pirkey		650.83	36,814.37				226.02	12,741.08			50,432.31
Net target attributable to union employees											
	1,352,492.22	206,574.48	1,000,235.27	190,140.96		490,766.47	71,279.47	342,262.06	73,582.64		3,727,333.57
1.0 non-union target	2,504,368.53	201,564.02	1,993,482.09	396,515.04		956,729.06	67,471.48	728,783.60	147,574.63		6,996,488.44
Remove portion related to billings to co-owners											
Flint		5,271.81	188,336.16		193,607.97		8,004.60	273,200.04		281,204.65	474,812.62
Pirkey		1,647.91	55,527.94		57,175.85		2,284.09	87,124.10		89,408.19	146,584.04
Turk		3,922.05	183,182.24		187,104.29		4,315.29	205,919.04		210,234.33	397,338.62
1.0 target with billings removed	2,504,368.53	190,722.24	1,566,435.76	396,515.04	4,658,041.56	956,729.06	52,867.50	162,540.41	147,574.63	1,319,711.60	5,977,753.16
Remove BU fin goals	10.00%	15.13%	0.00%	10.00%		20.00%	22.35%	0.00%	20.00%		
	2,253,931.68	161,871.69	1,566,435.76	356,863.53	4,339,102.65	765,383.25	41,049.76	162,540.41	118,059.70	1,087,033.13	5,426,135.78
Remove 1/2 of funding											
	35%	33.40%	35%	35%		35%	33.19%	35%	35%		
	1,465,055.59	107,799.93	1,018,183.24	231,961.30	2,823,000.06	497,499.11	27,424.53	105,651.27	76,738.81	707,313.71	3,530,313.77
non-union red by FB plus union	2,817,547.81	314,374.41	2,018,418.52	422,102.26		988,265.58	98,703.99	447,913.33	150,321.44		7,257,647.34

Test Year Book O&M  
9,800,003.64 ✓

summary for M Baird testimony

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SOUTHWESTERN ELECTRIC POWER COMPANY  
CALCULATION OF ANNUAL INCENTIVE PLAN ADJUSTMENT  
FOR THE TEST YEAR ENDED 3/31/2020

test year O&M	4,797,055.34	517,904.85	4,342,311.10	495,380.02	(1,645,224.26)	92,442.20	1,080,097.97	120,036.43	9,800,003.64	O&M T/Y actual
total target	3,856,860.75	397,296.72	2,566,671.03	586,656.00	1,447,495.53	124,146.96	504,802.47	221,157.27	9,705,086.73	union + non union - co-owner
O&M %	62.303%	65.176%	83.925%	46.890%	152.900%	66.915%	86.346%	44.600%		
Target O&M	2,402,920.69	258,942.83	2,154,066.38	275,082.04	2,213,220.32	83,072.75	435,876.39	98,635.86	7,921,817.26	O&M target
Adj O&M to target	(2,394,134.66)	(258,962.02)	(2,188,244.72)	(220,297.98)	3,858,444.59	(9,369.44)	(644,221.58)	(21,400.57)	(1,878,186.38)	adj T/Y O&M to target
BU fin goal O&M ad	(156,028.42)	(18,803.69)	-	(18,592.53)	(292,567.70)	(7,907.82)	-	(13,163.62)	(507,063.78)	remove BU financial goals O&M target
Target less BU fin goals O&M	2,246,892.26	240,139.14	2,154,066.38	256,489.51	1,920,652.62	75,164.93	435,876.39	85,472.24	7,414,753.49	target O&M - financial goals
Adj O&M to remove 1/2 of funding	(491,489.53)	(35,241.91)	(460,118.30)	(58,566.45)	(409,594.78)	(9,117.31)	(49,121.46)	(18,429.07)	(1,531,678.80)	only applied to non-union assets
Target less BU fin goals and 1/2 of funding O&M	1,755,402.74	204,897.24	1,693,948.08	197,923.06	1,511,057.84	66,047.63	386,754.93	67,043.17	5,883,074.68	

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

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

**Question No. Staff 12-2:**

Refer to the response to OPUC 1-21, Attachment 1. For each measure shown for calendar years 2019 and 2020, identify each measure SWEPCO considered to be a financial measure for purposes of its adjustment to remove financial based incentive compensation. For any measure that directly impacts the income statement that SWEPCO did not include as a financial measure for purposes of its adjustment, please provide a detailed explanation and justification for why not.

**Response No. Staff 12-2:**

Please see the CARD 4-16 Attachment 1, Analysis for the schedule of measures for 2019 and 2020. The measures SWEPCO considers to be a financial measure with respect to the incentive adjustment are shown with 'Earnings' in the 'Category' column. All measures related to earnings have been removed from SWEPCO's request.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Prepared By: Anthony J. Sutor

Title: Regulatory Consultant Prin

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

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

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

**Question No. CARD 4-16:**

Incentive compensation: Please provide an analysis of each incentive plan showing the amounts included in test year expenses based on a) company earnings, b) utility investment cost containment, c) expense containment, d) customer service, and e) safety.

**Response No. CARD 4-16:**

Please see CARD\_4-16\_Attachment\_1.xlsx for the analysis of the SWEPCO test year incentive expense based on the categories requested.

Please see CARD\_4-16\_Attachment\_2.xlsx for the analysis of AEPSC costs billed to SWEPCO in unadjusted test year expense for each incentive plan.

CARD 4-16 Attachment 1 and 2 are available electronically on the PUC Interchange.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Prepared By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

SOUTHWESTERN ELECTRIC POWER COMPANY  
INCENTIVE COMPENSATION

Category	Test Year Expense	Pro Forma Expense
Company Earnings	1,172,648.52	0.00
Investment Cost Containment	357,966.68	137,914.11
Expense Containment	1,374,466.33	556,168.53
Customer Service	1,516,682.05	1,485,880.38
Safety	2,876,808.48	1,838,211.93



SOUTHWESTERN ELECTRIC POWER COMPANY  
INCENTIVE COMPENSATION INFORMATION

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Test Year Expense

Plan	2019	2020	Category	Goals or Performance Measures	Weight 2019	Weight 2020	2019 Test Year Exp	2020 Test Year Exp	Total Test Year Exp	2019 Amt incl in Proforma Op Exp	2020 Amt incl in Proforma Op Exp	Amount incl in Proforma Op Exp
AEP Utilities	4,797,055.34	(1,645,224.26)	Earnings	Net Income	5.00%	20.00%	239,852.77	(329,044.85)	(89,192.09)	-	-	-
			Earnings	ROE	5.00%	0.00%	239,852.77	-	239,852.77	-	-	-
			Expense Containment	Sustainable Efficiency Gains	5.00%	0.00%	239,852.77	-	239,852.77	97,522	-	97,522
			Customer Service	SAIDI	5.00%	0.00%	239,852.77	-	239,852.77	97,522	-	97,522
			Customer Service	Reliability Work Plan	10.00%	10.00%	479,705.53	(164,522.43)	315,183.11	195,045	188,882	383,927
			Customer Service	Easy to do business with	10.00%	0.00%	479,705.53	-	479,705.53	195,045	-	195,045
			Customer Service	QOS: SAIDI	0.00%	5.00%	-	(82,261.21)	(82,261.21)	-	94,441	94,441
			Customer Service	QOS: Proactive SAIDI Measures & Reliability	0.00%	7.50%	-	(123,391.82)	(123,391.82)	-	141,662	141,662
			Customer Service	JD Power Residential Customer Satisfaction	5.00%	0.00%	239,852.77	-	239,852.77	97,522	-	97,522
			Customer Service	QOS: J.D. Power Key Factor Index, Communications	0.00%	7.50%	-	(123,391.82)	(123,391.82)	-	141,662	141,662
			Customer Service	CMI Improvement (outage restoration)	0.00%	2.50%	-	(41,130.61)	(41,130.61)	-	47,221	47,221
			Customer Service	DART Rate (Employee & Contractors combined)	5.00%	5.00%	239,852.77	(82,261.21)	157,591.55	97,522	94,441	191,963
			Safety	TRIR Rate Employee & Contractor	5.00%	0.00%	239,852.77	-	239,852.77	97,522	-	97,522
			Safety	Proactive Safety Performance	0.00%	20.00%	-	(329,044.85)	(329,044.85)	-	377,764	377,764
			Safety	Proactive Safety: Event Review and Sharing	4.00%	0.00%	191,882.21	-	191,882.21	78,018	-	78,018
			Safety	Proactive Safety: Site Inspection Program	4.00%	0.00%	191,882.21	-	191,882.21	78,018	-	78,018
			Safety	Proactive Safety: CORE visits	4.00%	0.00%	191,882.21	-	191,882.21	78,018	-	78,018
			Safety	Proactive Safety: Contractor Safety	4.00%	0.00%	191,882.21	-	191,882.21	78,018	-	78,018
			Safety	Management								
			Safety	Proactive Safety: Good Catch Program	4.00%	0.00%	191,882.21	-	191,882.21	78,018	-	78,018
			Other	Strategic Operational Excellence, OpCo Workplan	20.00%	12.50%	959,411.07	(205,653.03)	753,758.04	390,089	236,103	626,192
			Other	Culture Action Plan	2.50%	0.00%	119,926.38	-	119,926.38	48,761	-	48,761
			Other	Accountability Index (culture survey)	0.00%	2.50%	-	(41,130.61)	(41,130.61)	-	47,221	47,221
			Other	Advanced Distribution Lineman Training	2.50%	0.00%	119,926.38	-	119,926.38	48,761	-	48,761
			Other	Diversity	0.00%	2.50%	-	(41,130.61)	(41,130.61)	-	47,221	47,221
			Other	C100 Line Mechanic Recruitment Model	0.00%	5.00%	-	(82,261.21)	(82,261.21)	-	94,441	94,441
				<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>4,797,055.34</b>	<b>(1,645,224.26)</b>	<b>3,151,831.08</b>	<b>1,755,403</b>	<b>1,511,058</b>	<b>3,266,461</b>
Executive/Staff	517,904.85	92,442.20	Earnings	Corporate EPS Factor	70.00%	100.00%	338,816.26	61,628.13	400,444.39	-	-	-
			Earnings	Net Income	7.00%	15.00%	33,881.63	9,244.22	43,125.85	-	-	-
			Expense Containment	Sustainable Efficiency Gains	4.00%	0.00%	19,360.93	-	19,360.93	27,319.63	-	27,320
			Customer Service	QOS: SAIDI	1.00%	4.00%	4,840.23	2,465.13	7,305.36	6,829.91	7,548.30	14,378
			Customer Service	QOS: Proactive SAIDI Improvement	1.00%	2.00%	4,840.23	1,232.56	6,072.79	6,829.91	3,774.15	10,604
			Customer Service	QOS: Easy to do Business With	1.00%	0.00%	4,840.23	-	4,840.23	6,829.91	-	6,830
			Customer Service	QOS: J.D. Power Customer Satisfaction	1.00%	2.00%	4,840.23	1,232.56	6,072.79	6,829.91	3,774.15	10,604
			Safety	DART Rate	5.00%	8.00%	24,201.16	4,930.25	29,131.41	34,149.54	15,096.60	49,246
			Safety	Severity Improvement	3.00%	0.00%	14,520.70	-	14,520.70	20,489.72	-	20,490
			Other	Employee Culture Survey	1.00%	1.00%	4,840.23	616.28	5,456.51	6,829.91	1,887.08	8,717
			Other	Diversity	1.00%	2.00%	4,840.23	1,232.56	6,072.79	6,829.91	3,774.15	10,604
			Other	Supplier Diversity		1.00%	-	616.28	616.28	-	1,887.08	1,887
			Other	Future of Work	1.00%	1.00%	4,840.23	616.28	5,456.51	6,829.91	1,887.08	8,717
			Other	Infrastructure Investment - Quarterly Plant in Service		3.00%	-	1,848.84	1,848.84	-	5,661.23	5,661
			Other	Transmission Business Expansion - Plant in Service	2.00%	0.00%	9,680.46	-	9,680.46	13,659.82	-	13,660
			Other	Transmission Business Expansion - Capital Investment	2.00%	0.00%	9,680.46	-	9,680.46	13,659.82	-	13,660
			Other	Renewables/Energy Solutions Portfolio Growth	2.00%	4.00%	9,680.46	2,465.13	12,145.59	13,659.82	7,548.30	21,208

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SOUTHWESTERN ELECTRIC POWER COMPANY  
INCENTIVE COMPENSATION INFORMATION

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Test Year Expense												
Plan	2019	2020	Category	Goals or Performance Measures	Weight 2019	Weight 2020	2019 Test Year Exp	2020 Test Year Exp	Total Test Year Exp	2019 Amt incl in Proforma Op Exp	2020 Amt incl in Proforma Op Exp	Amount incl in Proforma Op Exp
			Other	Regulated Renewables	2.00%	4.00%	9,680.46	2,465.13	12,145.59	13,659.82	7,548.30	21,208
				Customer Targeted Regulated Renewables	1.00%	1.00%	4,840.23	616.28	5,456.51	6,829.91	1,887.08	8,717
			Other									
			Other	NERC Compliance	1.00%	1.00%	4,840.23	616.28	5,456.51	6,829.91	1,887.08	8,717
			Other	Environmental Stewardship	1.00%	1.00%	4,840.23	616.28	5,456.51	6,829.91	1,887.08	8,717
				Total	107.00%	150.00%	517,904.85	92,442.20	610,347.05	204,897	66,048	270,945
AEP Generation	4,342,311.10	1,080,097.97	Expense Containment	Sustainable Efficiency Gains	10.00%	0.00%	434,231.11	-	434,231.11	169,395	-	169,395
			Investmnt Cost Contain	Capital Project Schedule Adherence	7.00%	5.00%	303,961.78	54,004.90	357,966.68	118,576	19,338	137,914
			Expense Containment	Innovation Target	0.00%	10.00%	-	108,009.80	108,009.80	-	38,675	38,675
			Expense Containment	EFORv	5.00%	5.00%	217,115.55	54,004.90	271,120.45	84,697	19,338	104,035
			Expense Containment	EFORd	5.00%	5.00%	217,115.55	54,004.90	271,120.45	84,697	19,338	104,035
				Develop & Deploy High-Value Technology								
			Customer Service		5.00%	0.00%	217,115.55	-	217,115.55	84,697	-	84,697
			Customer Service	Work & Asset Management	3.00%	0.00%	130,269.33	-	130,269.33	50,818	-	50,818
			Customer Service	Asset Management	3.00%	0.00%	130,269.33	-	130,269.33	50,818	-	50,818
				DART Rate (Employee & Contractors combined)	5.00%	10.00%	217,115.55	108,009.80	325,125.35	84,697	38,675	123,373
			Safety	TRIR Rate Employee & Contractor	5.00%	0.00%	217,115.55	-	217,115.55	84,697	-	84,697
			Safety	Proactive Safety Performance	0.00%	20.00%	-	216,019.59	216,019.59	-	77,351	77,351
				Proactive Safety: Event Review and Sharing								
			Safety		4.00%	0.00%	173,692.44	-	173,692.44	67,758	-	67,758
				Proactive Safety: Site Inspection Program								
			Safety		4.00%	0.00%	173,692.44	-	173,692.44	67,758	-	67,758
			Safety	Proactive Safety: CORE visits	4.00%	0.00%	173,692.44	-	173,692.44	67,758	-	67,758
				Proactive Safety: Contractor Safety Management	4.00%	0.00%	173,692.44	-	173,692.44	67,758	-	67,758
			Safety	Proactive Safety: Good Catch Program	4.00%	0.00%	173,692.44	-	173,692.44	67,758	-	67,758
			Other	Accountability Index (culture survey)	0.00%	5.00%	-	54,004.90	54,004.90	-	19,338	19,338
			Other	Diversity	0.00%	2.00%	-	21,601.96	21,601.96	-	7,735	7,735
				NERC Compliance - Notice of Violation (NOV)								
			Other	Factor	10.00%	0.00%	434,231.11	-	434,231.11	169,395	-	169,395
			Other	Environmental Stewardship	4.00%	0.00%	173,692.44	-	173,692.44	67,758	-	67,758
				Environmental Event Recordable Reduction								
			Other		10.00%	0.00%	434,231.11	-	434,231.11	169,395	-	169,395
			Other	Regulated Cost Recovery	8.00%	0.00%	347,384.89	-	347,384.89	135,516	-	135,516
			Other	Fuel Cost Recovery	0.00%	5.00%	-	54,004.90	54,004.90	-	19,338	19,338
			Other	Fleet Transistion	0.00%	15.00%	-	162,014.70	162,014.70	-	58,013	58,013
			Other	Maximo Strategy	0.00%	3.00%	-	32,402.94	32,402.94	-	11,603	11,603
				Environmental Event Recordable Reduction								
			Other		0.00%	10.00%	-	108,009.80	108,009.80	-	38,675	38,675
			Other	Equipment Failure	0.00%	5.00%	-	54,004.90	54,004.90	-	19,338	19,338
				Total	100.00%	100.00%	4,342,311.10	1,080,097.97	5,422,409.07	1,693,948	386,755	2,080,703
AEP Transmission	495,380.02	120,036.43	Earnings	Earnings	10.00%	20.00%	49,538.00	24,007.29	73,545.29	-	-	-
			Expense Containment	Sustainable Efficiency Gains	5.00%	0.00%	24,769.00	-	24,769.00	10,995.73	-	10,996
			Expense Containment	O&M Improvement	0.00%	5.00%	-	6,001.82	6,001.82	-	4,190	4,190

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SOUTHWESTERN ELECTRIC POWER COMPANY  
INCENTIVE COMPENSATION INFORMATION

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Test Year Expense												
Plan	2019	2020	Category	Goals or Performance Measures	Weight 2019	Weight 2020	2019 Test Year Exp	2020 Test Year Exp	Total Test Year Exp	2019 Amt incl in Proforma Op Exp	2020 Amt incl in Proforma Op Exp	Amount incl in Proforma Op Exp
				Proactive SAIDI - Targeted Capital work Projects directed toward future SAIDI Reduction	5.00%	0.00%	24,769.00	-	24,769.00	10,995.73	-	10,996
			Customer Service	QOS: SAIDI	0.00%	5.00%	-	6,001.82	6,001.82	-	4,190	4,190
			Customer Service	QOS: Proactive SAIDI Measures & Reliability	0.00%	5.00%	-	6,001.82	6,001.82	-	4,190	4,190
			Customer Service	Hard SAIDI Target - Combined T&D SAIDI, Total AEP Target	5.00%	0.00%	24,769.00	-	24,769.00	10,995.73	-	10,996
			Customer Service	Customer Focus: Service Quality & Customer Satisfaction	5.00%	20.00%	24,769.00	24,007.29	48,776.29	10,995.73	16,761	27,757
			Customer Service	DART Rate (Employee & Contractors combined)	5.00%	5.00%	24,769.00	6,001.82	30,770.82	10,995.73	4,190	15,186
			Safety	TRIR Rate Employee & Contractor	5.00%	0.00%	24,769.00	-	24,769.00	10,995.73	-	10,996
			Safety	Proactive Safety: Event Review and Sharing	4.00%	0.00%	19,815.20	-	19,815.20	8,796.58	-	8,797
			Safety	Proactive Safety: Site Inspection Program	4.00%	0.00%	19,815.20	-	19,815.20	8,796.58	-	8,797
			Safety	Proactive Safety: CORE visits	4.00%	0.00%	19,815.20	-	19,815.20	8,796.58	-	8,797
			Safety	Proactive Safety: Contractor Safety Management	4.00%	0.00%	19,815.20	-	19,815.20	8,796.58	-	8,797
			Safety	Proactive Safety: Good Catch Program	4.00%	0.00%	19,815.20	-	19,815.20	8,796.58	-	8,797
			Safety	Proactive Safety Performance	0.00%	20.00%	-	24,007.29	24,007.29	-	16,761	16,761
			Other	Transmission Business Expansion - Plant in Service	10.00%	0.00%	49,538.00	-	49,538.00	21,991.45	-	21,991
			Other	Transmission Business Expansion - Capital Investment	10.00%	0.00%	49,538.00	-	49,538.00	21,991.45	-	21,991
			Other	NERC Compliance (Repeat Event Reduction)	2.50%	0.00%	12,384.50	-	12,384.50	5,497.86	-	5,498
			Other	Southwest Power Pool (SPP) G&T - RFP and regulatory applications	5.00%	0.00%	24,769.00	-	24,769.00	10,995.73	-	10,996
			Other	Transmission Strategic Initiatives	5.00%	0.00%	24,769.00	-	24,769.00	10,995.73	-	10,996
			Other	Culture Action Plan	2.50%	0.00%	12,384.50	-	12,384.50	5,497.86	-	5,498
			Other	Establish & Implement New Training Programs: Technical & Field	5.00%	0.00%	24,769.00	-	24,769.00	10,995.73	-	10,996
			Other	Accountability Index (culture survey)	0.00%	2.50%	-	3,000.91	3,000.91	-	2,095	2,095
			Other	Diversity	0.00%	2.50%	-	3,000.91	3,000.91	-	2,095	2,095
			Other	Infrastructure Investment	0.00%	5.00%	-	6,001.82	6,001.82	-	4,190	4,190
			Other	NERC Compliance (30 critical reliability standard requirements)	0.00%	5.00%	-	6,001.82	6,001.82	-	4,190	4,190
			Other	Misoperations reduction plan	0.00%	5.00%	-	6,001.82	6,001.82	-	4,190	4,190
					100.00%	100.00%	495,380.02	120,036.43	615,416.45	197,923	67,043	264,966
Performance Shares	426,131.87	78,740.45	Company Earnings				426,131.87	78,740.45	504,872.32	-	-	
Restricted Stock	111,437.31	40,971.31	N/A									

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Incentive Plan	Amount	a	b	c	d	e	Other
		Company Earnings	Utility Investment Cost Containment	Expense Containment	Customer Service	Safety	
<u>Test Year Expense</u>							
Executive/Staff/Other	7,074,102	5,196,687	-	180,232	300,387	480,618	916,179
AEP Generation	4,042,215	-	262,744	808,443	333,483	1,212,664	1,424,881
AEP Transmission	2,698,075	337,259	-	134,904	505,889	775,697	944,326
Distribution/Performance Mgmt	577,294	43,297	-	21,649	129,891	129,891	252,566
Performance Shares	3,550,008	1,775,004					1,775,004
Restricted Stock Units	1,336,872	N/A	N/A	N/A	N/A	N/A	N/A

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

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

**Question No. Staff 5-28:**

Refer to WP Schedule A-3.2, page 2 of 3, and provide detailed step-by-step explanations of the calculations of the amounts excluded as financial goals and ½ of funding for the annual incentive compensation adjustment.

**Response No. Staff 5-28:**

See Staff 5-28 Attachment 1 for the information requested.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

The SWEPCO annual incentive compensation proforma adjustment presented on WP Schedule A-3.2 was developed as follows:

- a. Historic annual incentive compensation loading amounts were gathered by incentive plan, FERC account, fiscal year and month.
- b. 1.0 target amounts by fiscal year and plan were reduced to the portion attributable to the test year (9/12 of 2019 and 3/12 of 2020).
- c. 1.0 target amounts related to union employees by year and plan were reduced to the portion attributable to the test year (9/12 of 2019 and 3/12 of 2020).
- d. 1.0 target amounts related to union employees by year and plan were reduced to reflect billings to co-owners for union employees located at the Flint Creek, Pirkey and Turk facilities to determine the net target amounts attributable to union employees.
- e. The target amounts by fiscal year and plan (part b) are reduced by the net target amounts attributable to union employees (part d) resulting in the target non-union annual incentive amounts by fiscal year and plan.
- f. Based on each plan's specific goals for each year, the percentage of financial based goals are determined and removed from the target non-union annual incentive amounts.
- g. The resulting non-financial based non-union annual incentive amounts (part f) are then reduced by one half of the funding measure for each plan and year. This remaining amount of annual incentive compensation is then added to the net target amounts attributable to union employees (part d) to become the adjusted test year annual incentive compensation.
- h. The distribution of the historic annual incentive compensation information (part a) to FERC accounts is used to distribute the adjusted test year annual incentive compensation.
- i. The difference between the historic amounts (part a) and the adjusted test year amounts (part h) for the O&M FERC accounts become the proforma adjustment on WP Schedule A-3.2.

## STAFF ADJUSTMENT TO PENSION EXPENSE

	SWEPCO Adjustment	Staff Adjustment
<u>Test Year Pension Expense</u>		
A/C 9260003 - Pension Plan - Service Cost	8,879,378	
A/C 9260062 - Pension Plan Non Service Cost	(1,433,783)	
A/C 9260050 - Overhead Loading-Pension	(3,031,460) *	
Total Pension Expense Per Books	4,414,135	Staff Test Year Pension Expense per Books
A/C 9260037 - SERP - Service Costs, Remove from TY Expense	(7,966)	(7,966) Not included in Pension Expense
A/C 9260042 - SERP Non Service Costs, Remove from TY Expense	(85,215)	(85,215) Not included in Pension Expense
Total Pension Per Books Expense, Excluding SERP	4,320,953	(93,182) Staff SERP Adjustment
<u>Actuarial Report</u>		
2019 ASC 715-30 (SFAS 87) Pension Expense      Service Cost	9,882,001	9,882,001 Service Cost
2019 ASC 715-30 (SFAS 87) Pension Expense      Non Service Cost	117,360	(3,373,760) Less Overhead loading (9,882,001x34.14%)
	9,999,361	6,508,241 Service Cost Expense
Payroll O&M Percentage      G-1.3	69.71%	117,360 Non Service Cost
Pro-Forma Pension Expense	6,970,767	6,625,601 Staff Pro Forma Pension Expense
		4,414,135 Staff Test Year Pension Expense per Books
Pro-Forma Adjustment	2,649,813	2,211,466 Staff Adjustment to Test Year
		(2,649,813) Less Company Adjustment to test year
		(438,347) Staff Adjustment to Company Request - Pension

\*Test Year Overhead loading as %  
of Service Cost (3,031,460÷8,879,378=34.14%)

Excerpt from Schedule A-4  
Detail Trial Balance  
Test-Year End March 31, 2020

9260	Employee Pensions & Benefits		
9260000	Employee Pensions & Benefits	(1,352,469.33)	
9260001	Edit & Print Empl Pub-Salaries	21,205.66	
9260002	Pension & Group Ins Admin	60,739.08	
9260003	Pension Plan	8,879,378.47	
9260004	Group Life Insurance Premiums	602,755.61	
9260005	Group Medical Ins Premiums	17,588,052.95	
9260006	Physical Examinations	410.00	
9260007	Group L-T Disability Ins Prem	813,927.84	
9260009	Group Dental Insurance Prem	663,696.27	
9260010	Training Administration Exp	10,263.79	
9260012	Employee Activities	63,971.59	
9260014	Educational Assistance Pmts	114,969.59	
9260021	Postretirement Benefits - OPEB	779,388.53	
9260027	Savings Plan Contributions	6,272,732.48	
9260036	Deferred Compensation	(6,493.74)	
9260037	Supplemental Pension	7,966.47	
9260040	SFAS 112 Postemployment Benef	2,466,637.00	
9260042	SERP Pension - Non-Service	85,215.47	
9260043	OPEB - Non-Service	(7,135,165.75)	
9260050	Frg Ben Loading - Pension	(3,031,459.92)	
9260051	Frg Ben Loading - Grp Ins	(6,406,907.41)	
9260052	Frg Ben Loading - Savings	(2,138,390.71)	
9260053	Frg Ben Loading - OPEB	(511,859.18)	
9260055	IntercoFringeOffset- Don't Use	(3,445,020.09)	
9260057	Postret Ben Medicare Subsidy	0.00	
9260058	Frg Ben Loading - Accrual	(129,980.41)	
9260060	Amort-Post Retirement Benefit	533,310.00	
9260062	Pension Plan - Non-Service	(1,433,783.25)	
9260 Total		13,373,090.99	



SOUTHWESTERN ELECTRIC POWER COMPANY  
Pension Expense  
For the Test Year Ended March 31, 2020

Line No.	(1) Description	(2) Schedule A Reference	(3) Workpaper Reference	(4) Acct Reference	(5) Exp Amt As Adjusted	(6) TY Amt Per Books	(7) Total Adjustment
1	Pension Expense	Sch A, ln 4	WP/A-3.10	926	6,970,767	4,320,953	\$2,649,813
2	Total				<u>6,970,767</u>	<u>4,320,953</u>	<u>2,649,813</u>

Justification for requested adjustment:

Adjust pension expense to reflect 2019 actuarial study as described in the testimonies of Mr. Michael Baird.

ASC 715-30 (SFAS 87) Pension Expense			
<u>Test Year Pension Expense:</u>			
A/C 9260003 - Pension Plan - Service Cost		8,879,378	
A/C 9260062 - Pension Plan Non Service Cost		(1,433,783)	
A/C 9260050 - Overhead Loading-Pension		<u>(3,031,460)</u>	
		4,414,135	
A/C 9260037 - SERP - Service Costs, Remove from TY Expense		(7,966)	
A/C 9260042 - SERP Non Service Costs, Remove from TY Expense		<u>(85,215)</u>	
Total Pension Per Books Expense, Excluding SERP		4,320,953	
<u>Actuarial Report</u>			
2019 ASC 715-30 (SFAS 87) Pension Expense	Service Cost	9,882,001	
2019 ASC 715-30 (SFAS 87) Pension Expense	Non Service Cost	<u>117,360</u>	
		9,999,361	
Payroll O&M Percentage	G-1.3	69.71%	
Pro-Forma Pension Expense		<u>6,970,767</u>	
Pro-Forma Adjustment		<u>2,649,813</u>	9260

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

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

**Question No. Staff 5-30:**

Refer to the testimony of Michael A. Baird at page 26, lines 11-13. Where is SWEPCO's direct supplemental pension plan expense removed in the Company's request? Provide cites to the relevant pro forma adjustment that includes the amounts removed by FERC account (both expensed and capitalized).

**Response No. Staff 5-30:**

The supplemental pension plan expense was removed on Adjustment 3.10. Please see WP A-3.10, provided as Staff 5-30 Attachment 1. As can be seen on this workpaper, SERP amounts of \$7,966 and \$85,215 were removed from FERC Account 926.

Prepared By: Randall W. Hamlett

Title: Dir Regulatory Acctg Svcs

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

SOUTHWESTERN ELECTRIC POWER COMPANY  
Pension Expense  
For the Test Year Ended March 31, 2020

SOAH Docket No. 473-21-0538  
PUC Docket No. 51415  
Staff's 5th, Q # Staff 5-30  
Attachment 1  
Page 1 of 1  
W/P Schedule A-3.10

Line No.	(1) Description	(2) Schedule A Reference	(3) Workpaper Reference	(4) Acct Reference	(5) Exp Amt As Adjusted	(6) TY Amt Per Books	(7) Total Adjustment
1	Pension Expense	Sch A, ln 4	WP/A-3.10	926	6,970,767	4,320,953	\$2,649,813
2	Total				<u>6,970,767</u>	<u>4,320,953</u>	<u>2,649,813</u>

Justification for requested adjustment:

Adjust pension expense to reflect 2019 actuarial study as described in the testimonies of Mr. Michael Baird.

ASC 715-30 (SFAS 87) Pension Expense			
<u>Test Year Pension Expense:</u>			
A/C 9260003 - Pension Plan - Service Cost		8,879,378	
A/C 9260062 - Pension Plan Non Service Cost		(1,433,783)	
A/C 9260050 - Overhead Loading-Pension		(3,031,460)	
		<u>4,414,135</u>	
A/C 9260037 - SERP - Service Costs, Remove from TY Expense		(7,966)	
A/C 9260042 - SERP Non Service Costs, Remove from TY Expense		(85,215)	
Total Pension Per Books Expense, Excluding SERP		<u>4,320,953</u>	
<u>Actuarial Report</u>			
2019 ASC 715-30 (SFAS 87) Pension Expense	Service Cost	9,882,001	
2019 ASC 715-30 (SFAS 87) Pension Expense	Non Service Cost	117,360	
		<u>9,999,361</u>	
Payroll O&M Percentage	G-1.3	69.71%	
Pro-Forma Pension Expense		<u>6,970,767</u>	
Pro-Forma Adjustment		<u>2,649,813</u>	9260

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

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

**Question No. CARD 4-42:**

Retirement plans: Please provide the amounts included in test year operating expenses for each retirement plan and post-retirement benefits.

**Response No. CARD 4-42:**

The amounts included in test year operating expenses for each retirement plan and post-retirement benefits are:

Pension \$4,414,135

SERP \$93,182

Post-retirement Healthcare Plan (\$5,945,367)

Prepared By: Tiffany A. Powell Day

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

**SOUTHWESTERN ELECTRIC POWER COMPANY**  
**Detail Trial Balance**  
**For the Test Year Ended March 31, 2020**

(1)	(2)	(3)	(4)	(5)	(6)
FERC Account	FERC Account Description	Account	Account Description	Test Year Ending Balance	Schedule A-2 Reference
9260	Employee Pensions & Benefits	9260000	Employee Pensions & Benefits	(1,352,469.33)	
		9260001	Edit & Print Empl Pub-Salaries	21,205.66	
		9260002	Pension & Group Ins Admin	60,739.06	
		9260003	Pension Plan	8,879,378.47	←
		9260004	Group Life Insurance Premiums	602,755.61	
		9260005	Group Medical Ins Premiums	17,588,052.95	
		9260006	Physical Examinations	410.00	
		9260007	Group L-T Disability Ins Prem	813,927.84	
		9260009	Group Dental Insurance Prem	663,696.27	
		9260010	Training Administration Exp	10,263.79	
		9260012	Employee Activities	63,971.59	
		9260014	Educational Assistance Pmts	114,969.59	
		9260021	Postretirement Benefits - OPEB	779,388.53	
		9260027	Savings Plan Contributions	6,272,732.48	
		9260036	Deferred Compensation	(6,493.74)	
		9260037	Supplemental Pension	7,966.47	←
		9260040	SFAS 112 Postemployment Benef	2,466,637.00	←
		9260042	SERP Pension - Non-Service	85,215.47	←
		9260043	OPEB - Non-Service	(7,135,165.75)	←
		9260050	Frg Ben Loading - Pension	(3,031,459.92)	←
		9260051	Frg Ben Loading - Grp Ins	(6,406,907.41)	
		9260052	Frg Ben Loading - Savings	(2,138,390.71)	
		9260053	Frg Ben Loading - OPEB	(511,859.18)	
		9260055	IntercoFringeOffset- Don't Use	(3,445,020.09)	
		9260057	Postret Ben Medicare Subsidy	0.00	
		9260058	Frg Ben Loading - Accrual	(129,980.41)	
		9260060	Amort-Post Retirement Benefit	533,310.00	
		9260062	Pension Plan - Non-Service	(1,433,783.25)	←
9260 Total				13,373,090.99	Sch A-2 In 5, 19

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

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

**Question No. CARD 4-43:**

Retirement plans: Please provide the amounts included in pro forma operating expenses for each retirement plan and post-retirement benefits.

**Response No. CARD 4-43:**

The amounts included in pro forma operating expenses for each retirement plan and post-retirement benefits are:

Pension	\$6,970,767
SERP	\$0
Post-retirement Healthcare Plan	\$(5,398,507)

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 CITIES  
ADVOCATING REASONABLE DEREGULATION'S FOURTH SET OF REQUESTS  
FOR INFORMATION**

**Question No. CARD 4-49:**

Employee Benefits: Please provide copies of the documents supporting the test year level of employee benefits.

**Response No. CARD 4-49:**

Please refer to CARD\_4-49\_Attachment\_1.xlsx describing the test year level of employee benefits. Employee benefits are recorded in FERC Account 926 which is supported by the Company's trial balance. Please see CARD\_4-49\_Attachment\_2\_(Employee Benefits).xlsx for amounts supporting the test year level of employee benefits. See "Summary of 926 Accounts" tab for a summary of FERC 926 accounts by benefit type. See "926 Accounts-Detail" tab for the detailed sub-account balances used in the summary, and see Schedule A-4 of the RFP for the full test year trial balance. Please see CARD\_4-49\_Attachment\_3.xlsx for Total AEPSC Employee Benefits charged to FERC Account 926 on AEPSC during the Test Year, and Amount of AEPSC Employee Benefits billed to SWEPCO during the Test Year. Amount billed to SWEPCO doesn't include any pro-forma adjustments.

CARD 4-49 Attachments 1 through 3 are available electronically on the PUC Interchange.

Prepared By: Susan I. Scheer

Title: Benefits Consultant

Prepared By: Tiffany A. Powell Day

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

**Southwestern Electric Power Company  
Summary of FERC 926 Accounts  
Test Year Ending 3/31/2020**

SOAH Docket No. 473-21-0538  
PUC Docket No. 51415  
CARD's 4th, Q. # 4-49  
Attachment 2  
Page 1 of 1

Below is a summary of FERC 926 accounts supporting the test year level of employee benefits. See "926 Accounts" tab for the detailed sub-account balances used in this summary and their respective categorizations. See Schedule A-4 of the RFP full test year trial balance (including all FERC 926 accounts).

Category	Total
Deferred Compensation	(6,494)
Group Dental Insurance Premiums	663,696
Group Life Insurance Premiums	602,756
Group Long-Term Disability Insurance Premiums	813,928
Group Medical Insurance Premiums	11,181,146
Other	(4,655,910)
Pension Plan	4,414,135
Postemployment Benefit Plan - OPEB	2,466,637
Postretirement Benefits - OPEB	(6,334,326)
Savings Plan Contributions (401k)	4,134,342
Supplemental Executive Retirement Plan	93,182
Grand Total	13,373,091



**SOUTHWESTERN ELECTRIC POWER COMPANY**  
**FERC 926 Accounts**  
**TEST YEAR ENDING MARCH 31, 2020**

SOAH Docket No. 473-21-0538  
PUC Docket No. 51415  
CARD's 4th, Q. # 4-49  
Attachment 2  
Page 1 of 1

Account	Description	Amount	Category
9260000	Employee Pensions & Benefits	(1,352,469)	Other
9260001	Edit & Print Empl Pub-Salaries	21,206	Other
9260002	Pension & Group Ins Admin	60,739	Other
9260003	Pension Plan	8,879,378	Pension Plan
9260004	Group Life Insurance Premiums	602,756	Group Life Insurance Premiums
9260005	Group Medical Ins Premiums	17,588,053	Group Medical Insurance Premiums
9260006	Physical Examinations	410	Other
9260007	Group L-T Disability Ins Prem	813,928	Group Long-Term Disability Insurance Premiums
9260009	Group Dental Insurance Prem	663,696	Group Dental Insurance Premiums
9260010	Training Administration Exp	10,264	Other
9260012	Employee Activities	63,972	Other
9260014	Educational Assistance Pmts	114,970	Other
9260021	Postretirement Benefits - OPEB	779,389	Postretirement Benefits - OPEB
9260027	Savings Plan Contributions	6,272,732	Savings Plan Contributions (401k)
9260036	Deferred Compensation	(6,494)	Deferred Compensation
9260037	Supplemental Pension	7,966	Supplemental Executive Retirement Plan
9260040	SFAS 112 Postemployment Benef	2,466,637	Postemployment Benefit Plan - OPEB
9260042	SERP Pension - Non-Service	85,215	Supplemental Executive Retirement Plan
9260043	OPEB - Non-Service	(7,135,166)	Postretirement Benefits - OPEB
9260050	Frg Ben Loading - Pension	(3,031,460)	Pension Plan
9260051	Frg Ben Loading - Grp Ins	(6,406,907)	Group Medical Insurance Premiums
9260052	Frg Ben Loading - Savings	(2,138,391)	Savings Plan Contributions (401k)
9260053	Frg Ben Loading - OPEB	(511,859)	Postretirement Benefits - OPEB
9260055	IntercoFringeOffset- Don't Use	(3,445,020)	Other
9260058	Frg Ben Loading - Accrual	(129,980)	Other
9260060	Amort-Post Retirement Benefit	533,310	Postretirement Benefits - OPEB
9260062	Pension Plan - Non-Service	(1,433,783)	Pension Plan
Employee pension and benefits, Line 236 WP A		<u>13,373,091</u>	

# FINANCIAL ACCOUNTING SERIES



ACCOUNTING STANDARDS UPDATE

No. 2017-07  
March 2017

## Compensation—Retirement Benefits (Topic 715)

### Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

An Amendment of the *FASB Accounting Standards Codification*®

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Financial Accounting Standards Board

The *FASB Accounting Standards Codification*® is the source of authoritative generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. An Accounting Standards Update is not authoritative; rather, it is a document that communicates how the Accounting Standards Codification is being amended. It also provides other information to help a user of GAAP understand how and why GAAP is changing and when the changes will be effective.

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# Accounting Standards Update

No. 2017-07  
March 2017

## Compensation—Retirement Benefits (Topic 715)

Improving the Presentation of Net Periodic Pension  
Cost and Net Periodic Postretirement Benefit Cost

An Amendment of the *FASB Accounting Standards Codification*®

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Financial Accounting Standards Board

## Summary

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### Why Is the FASB Issuing This Accounting Standards Update (Update)?

The Board is issuing this Update primarily to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost, as discussed below. This Update also includes amendments to the Overview and Background Sections of the *FASB Accounting Standards Codification*® (as discussed in Part II of the amendments section) as part of the Board's initiative to unify and improve these sections across Topics and Subtopics.

Under generally accepted accounting principles (GAAP), defined benefit pension cost and postretirement benefit cost (net benefit cost) comprise several components that reflect different aspects of an employer's financial arrangements as well as the cost of benefits provided to employees. Those components are aggregated for reporting in the financial statements. Topic 715, Compensation—Retirement Benefits, does not prescribe where the amount of net benefit cost should be presented in an employer's income statement and does not require entities to disclose by line item the amount of net benefit cost that is included in the income statement or capitalized in assets.

Many stakeholders observed that the presentation of defined benefit cost on a net basis combines elements that are heterogeneous. As such, these stakeholders stated that the current presentation requirement is less transparent, reduces the decision usefulness of the financial information, and requires users to incur greater costs in analyzing financial statements.

To improve the reporting of net benefit cost in the financial statements, the Board added a standard-setting project to provide additional guidance on the presentation of net benefit cost in the income statement and on the components eligible for capitalization in assets.

### Who Is Affected by the Amendments in This Update?

The amendments in this Update apply to all employers, including not-for-profit entities, that offer to their employees defined benefit pension plans, other postretirement benefit plans, or other types of benefits accounted for under Topic 715.

## What Are the Main Provisions?

The amendments in this Update require that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost as defined in paragraphs 715-30-35-4 and 715-60-35-9 are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. If a separate line item or items are used to present the other components of net benefit cost, that line item or items must be appropriately described. If a separate line item or items are not used, the line item or items used in the income statement to present the other components of net benefit cost must be disclosed.

The amendments in this Update also allow only the service cost component to be eligible for capitalization when applicable (for example, as a cost of internally manufactured inventory or a self-constructed asset).

## How Do the Main Provisions Differ from Current Generally Accepted Accounting Principles (GAAP) and Why Are They an Improvement?

The amendments in this Update require that an employer disaggregate the service cost component from the other components of net benefit cost. The amendments also provide explicit guidance on how to present the service cost component and the other components of net benefit cost in the income statement and allow only the service cost component of net benefit cost to be eligible for capitalization.

The amendments in this Update improve the consistency, transparency, and usefulness of financial information to users that have communicated that the service cost component generally is analyzed differently from the other components of net benefit cost.

The amendments in this Update are considered an important part of the Board's continuing efforts to improve the accounting related to defined benefit pension or other postretirement benefit plans.

## What Are the Transition Requirements and When Will the Amendments Be Effective?

The amendments in this Update are effective for public business entities for annual periods beginning after December 15, 2017, including interim periods within those

annual periods. For other entities, the amendments in this Update are effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted as of the beginning of an annual period for which financial statements (interim or annual) have not been issued or made available for issuance. That is, early adoption should be within the first interim period if an employer issues interim financial statements. Disclosures of the nature of and reason for the change in accounting principle are required in the first interim and annual periods of adoption.

The amendments in this Update should be applied retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement and prospectively, on and after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets. The amendments allow a practical expedient that permits an employer to use the amounts disclosed in its pension and other postretirement benefit plan note for the prior comparative periods as the estimation basis for applying the retrospective presentation requirements. Disclosure that the practical expedient was used is required.

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

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

**Question No. Staff 5-35:**

Does the Company's requested revenue requirement include amounts for executive perquisites such as financial planning and tax gross-ups? If so, please provide an explanation of the types of perquisites included, a copy of the Company's policies regarding the payment of such perquisites, and the amount of such payments included in the revenue requirement by FERC account.

**Response No. Staff 5-35:**

Please refer to Company response to Staff 5-32 (Staff 5-32 Attachment 1) which has the amount of executive perquisites billed to SWEPCO from AEPSC by FERC Account. Perquisites provided include: financial counseling and tax preparation services, and for certain executives, director's group travel accident insurance premium. Please see Staff 5-35 Attachment 1 for an excerpt from the Company's Proxy discussing executive perquisites. The total company amount of SWEPCO executive perquisites included in the revenue requirement by FERC account were \$1,057 in FERC account 9010 and \$11,054 in FERC account 9200.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

11,054  
1,057  

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12,111



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

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

**Question No. Staff 5-32:**

For each employee of SWEPCO, its parent company, or affiliate whose salary and benefits are in any way included in SWEPCO's revenue requirement and whose salary and benefits are subject to the \$1 million deductibility limit under the Tax Cuts and Jobs Act of 2017, provide for each individual the total compensation by type and the amount of such compensation included in SWEPCO's request by FERC account.

**Response No. Staff 5-32:**

Please refer to Staff 5-32 Attachment 1 for analysis of AEPSC employees subject to the \$1 million deductibility limit under the Tax Cuts and Jobs Act of 2017, and the amounts of compensation by type billed to SWEPCO during the test year by FERC Account for each individual. SWEPCO has no employees that meet this threshold.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

**SOUTHWESTERN ELECTRIC POWER COMPANY**  
**Executive Compensation**  
**Billed from AEPSC to SWEPCO by FERC Account by Type**  
**For The Test Year Ended March 31, 2020**

Executive	FERC Acct	Salary	Stock Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation	Retirement Savings Plan	Supplemental Retirement Savings Plan	Perquisites
Executive #1	1880 - R&D Expenses	1,437	8,546	3,506	516	12	75	21
Executive #1	4264 - Civic & Political Activities	3,867	22,994	9,433	1,389	33	203	57
Executive #1	5000 - Oper Supervision & Engineering	7,193	42,774	17,548	2,584	61	377	105
Executive #1	9200 - Administrative & Gen Salaries	122,086	725,984	297,840	43,861	1,042	6,404	1,789
Executive #1	9302 - Misc General Expenses	7,364	43,791	17,966	2,646	63	386	108
Executive #2	9200 - Administrative & Gen Salaries	59,313	326,566	83,184	17,522	1,270	3,994	1,572
Executive #3	5000 - Oper Supervision & Engineering	185	394	236	47	3	13	4
Executive #3	9200 - Administrative & Gen Salaries	44,659	95,255	57,010	11,467	830	3,111	899
Executive #3	9250 - Injuries and Damages	1,465	3,125	1,870	376	27	102	29
Executive #3	9280 - Regulatory Commission Exp	744	1,586	949	191	14	52	15
Executive #4	1070 - Construction Work In Progress	7,146	13,187	9,290	2,569	146	487	236
Executive #4	9200 - Administrative & Gen Salaries	58,801	108,516	76,445	21,141	1,204	4,009	1,938
Executive #5	9200 - Administrative & Gen Salaries	80,313	411,640	110,184	47,612	1,276	6,376	2,025
<b>Grand Total</b>		<b>394,572</b>	<b>1,804,359</b>	<b>685,462</b>	<b>151,923</b>	<b>5,984</b>	<b>25,589</b>	<b>8,798</b>

Executive	FERC Acct	Salary	Stock Awards	Non-Equity Incentive Plan Compensati on	Change in Pension Value and Nonqualifie d Deferred Compensat ion	Retirement Savings Plan	Suppleme ntal Retiremen t Savings Plan	Perquisites
Executive #1	1880 - R&D Expenses	1,437	8,546	3,506	516	12	75	21
Executive #1	4264 - Civic & Political Activities	3,867	22,994	9,433	1,389	33	203	57
Executive #1	5000 - Oper Supervision & Engineering	7,193	42,774	17,548	2,584	61	377	105
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<b>Grand Total</b>		<b>394,572</b>	<b>1,804,359</b>	<b>685,462</b>	<b>151,923</b>	<b>5,984</b>	<b>25,589</b>	<b>8,798</b>

Expenses amount

8,484

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

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

**Question No. Staff 5-48:**

Has the Company included any amounts for carrying costs associated with affiliate or shared assets that have been charged by an affiliate in its revenue requirement? If so, please provide by FERC account the amount in total, amount that is debt based, and the amount considered equity return.

**Response No. Staff 5-48:**

The carrying charges are expenses billed to SWEPCO from AEPSC, related to AEPSC's occupancy/usage of other AEP affiliates' buildings. These charges are incurred by AEPSC, and therefore, must be billed to the affiliates benefitting from those charges.

Please see Staff 5-48 Attachment 1 for carrying costs associated with affiliate assets that have been charged by AEPSC to SWEPCO in cost of service accounts. Attachment has amounts by FERC account, total carrying costs, amount that is debt based, and the amount considered equity. Please see Staff 5-48 Attachment 2 for carrying costs associated with SWEPCO assets that have been charged by SWEPCO to affiliates, which would be included, as a reduction, in SWEPCO's revenue requirement.

Prepared By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Brian J. Frantz

Title: Dir Accounting

**SOUTHWESTERN ELECTRIC POWER COMPANY**

Carrying Costs associated with Affiliate Assets by FERC Acct

Billed from Affiliates to SWEPCO in Cost of Service Accounts

For The Test Year Ended March 31, 2020

FERC Acct	Total Carrying Costs	Debt Component	Equity Component
5000 - Oper Supervision & Engineering	101,385	26,738	74,648
5010 - Fuel	6,612	1,744	4,867
5020 - Steam Expenses	708	183	526
5050 - Electric Expenses	33	9	24
5060 - Misc Steam Power Expenses	7,441	1,960	5,481
5100 - Maint Supv & Engineering	3,060	808	2,252
5110 - Maintenance of Structures	765	202	563
5120 - Maintenance of Boiler Plant	2,001	527	1,474
5130 - Maintenance of Electric Plant	651	166	484
5140 - Maintenance of Misc Steam Plt	246	62	184
5280 - Maint Supv & Engineering	37	10	27
5290 - Maintenance of Structures	0	0	0
5300 - Maint of Reactor Plant Equip	2	1	2
5310 - Maintenance of Electric Plant	0	0	0
5350 - Oper Supervision & Engineering	51	13	37
5370 - Hydraulic Expenses	6	2	5
5390 - Misc Hydr Power Generation Exp	6	2	4
5450 - Maint of Misc Hydraulic Plant	30	8	22
5510 - Maint Supv & Engineering	(1)	(0)	(1)
5530 - Maintenance of Generating Plt	73	19	54
5560 - Sys Control & Load Dispatching	5,847	1,544	4,303
5570 - Other Expenses	17,820	4,705	13,115
5600 - Oper Supervision & Engineering	203,637	48,018	155,619
5612 - Load Dispatch-Mntr&Op TransSys	73,937	18,889	55,048
5615 - Reliability,Plng&Stds Develop	17,052	4,095	12,957
5620 - Station Expenses	82	22	61
5630 - Overhead Line Expenses	355	77	278
5660 - Misc Transmission Expenses	31,152	7,552	23,600
5670 - Rents	2	0	1
5680 - Maint Supv & Engineering	219	47	172
5690 - Maintenance of Structures	3	1	2
5691 - Maint of Computer Hardware	895	228	666
5692 - Maint of Computer Software	4,584	1,118	3,466
5700 - Maint of Station Equipment	4,762	1,215	3,547
5710 - Maintenance of Overhead Lines	587	125	461
5730 - Maint of Misc Trnsmsslon Plt	22	5	17
5800 - Oper Supervision & Engineering	23,495	6,115	17,380
5820 - Station Expenses	8,968	2,282	6,686
5830 - Overhead Line Expenses	6	1	4
5840 - Underground Line Expenses	307	81	226
5860 - Meter Expenses	2,555	674	1,880
5880 - Miscellaneous Distribution Exp	17,854	4,580	13,274
5890 - Rents	1,140	361	779
5900 - Maint Supv & Engineering	188	50	138
5920 - Maint of Station Equipment	807	210	597
5930 - Maintenance of Overhead Lines	1,466	329	1,137
5970 - Maintenance of Meters	3	1	2
9010 - Supervision - Customer Accts	784	207	577
9020 - Meter Reading Expenses	1,330	351	978
9030 - Cust Records & Collection Exp	121,180	31,998	89,182
9050 - Misc Customer Accounts Exp	250	66	184
9070 - Supervision - Customer Service	1,094	288	806
9080 - Customer Assistance Expenses	492	130	362
9100 - Misc Cust Svc&Informational Ex	684	181	504
9120 - Demonstrating & Selling Exp	20	5	15
9200 - Administrative & Gen Salaries	463,865	122,061	341,804
9210 - Office Supplies and Expenses	2,030	536	1,494
9230 - Outside Services Employed	32	8	24
9250 - Injuries and Damages	124	33	91
9260 - Employee Pensions & Benefits	330	82	247
9280 - Regulatory Commission Exp	13,202	3,486	9,716
9301 - General Advertising Expenses	2	1	2
9302 - Misc General Expenses	15,105	3,871	11,234
9350 - Maintenance of General Plant	3,056	807	2,249
<b>Grand Total</b>	<b>1,164,427</b>	<b>298,889</b>	<b>865,537</b>

**SOUTHWESTERN ELECTRIC POWER COMPANY**

Carrying Costs associated with Affiliate Assets by FERC Acct

Billed from SWEPCO to Other Affiliates

For The Test Year Ended March 31, 2020

<u>FERC Acct</u>	<u>Total Carrying Costs</u>	<u>Debt Component</u>	<u>Equity Component</u>
4540 - Rent From Electric Property	(530,383.51)	(148,066.84)	(382,316.67)

**D. Affiliate Expenses [PO Issue 41]**

**1. Affiliate Carrying Costs**

AEP Texas's revenue requirement includes carrying costs that are billed to it from affiliates, primarily AEPSC, and that are related to either AEPSC's or AEP Texas's occupancy and usage of other affiliates' buildings..<sup>1062</sup> During the test year, the Central Division was charged \$580,126 by affiliates for carrying charges, and the Central Division charged \$620,141 to its affiliates for the same..<sup>1063</sup> For the test year, the Central Division received \$40,015 more than it paid. During the test year, the North Division was charged \$231,404 by affiliates for carrying charges, and the North Division charged \$23,991 to its affiliates for the same..<sup>1064</sup> For the test year, the North Division was charged \$207,413 more than it received.

Staff argues that both the debt component and an equity component of the affiliate carrying costs should be removed from AEP Texas's requested revenue requirement. Staff witness Givens recommends removing the return on assets that AEP Texas was charged as well as the return on assets that AEP Texas received from other affiliates from its revenue requirement in the amount of \$167,398 (\$207,413 - \$40,015)..<sup>1065</sup>

AEP Texas does not dispute that affiliate carrying costs should be removed from its revenue requirement, but argues that it is improper to remove the debt component. Under recent Commission precedent, only equity carrying costs should be removed, but not the debt component. In the PFD in SWEPCO Docket No. 46449, the ALJs noted:

Staff witness Stark would allow SWEPCO to recover the debt-related portion of the carrying charges, but she recommends disallowance of the equity portion of the

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<sup>1062</sup> Staff Ex. 2 (Givens Dir.), Attachment AG-23.

<sup>1063</sup> *Id.*

<sup>1064</sup> *Id.*

<sup>1065</sup> *Id.*

carrying charges, based on the Commission's decision in SPS Docket No. 43695..<sup>1066</sup>

The ALJs in Docket No. 46449 concluded that the SPS precedent that formed the basis for Staff's recommendation limited the disallowance to *equity* return:

The ALJs recommend that the Commission approve Ms. Stark's proposed adjustment to remove \$795,480 from the Company's proposed cost of service, which reflects *the equity portion* of carrying costs associated with affiliate charges. The ALJs also recommend that the Commission remove *the equity component* of carrying charges SWEPCO received from its affiliates in the form of rent billings (and included in rent income) in the amount of \$509,723. The net reduction from Ms. Stark's expense and revenue adjustments is (\$285,757)..<sup>1067</sup>

AEP Texas argues that under this precedent, disallowing only the equity portion results in a disallowance of \$136,770..<sup>1068</sup>

Staff contends that neither the PFD and order in Docket No. 46449, nor the Staff testimony in that docket, address the debt component of the carrying charges..<sup>1069</sup> However, Staff testimony in that docket points to the precedent established in Docket No. 43695. Staff argues that just because the order is silent regarding the debt component does not mean that the Commission explicitly authorized its recovery. By contrast, the order in Docket No. 46395 disallowed carrying charges paid to and received from an affiliate. Regardless, Staff argues, "[a]llowing AEP Texas to recover the debt component of carrying charges paid to and received from its affiliates is akin to allowing the recovery of interest expense and runs afoul of PURA."<sup>1070</sup> The ALJs agree.

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<sup>1066</sup> Docket No. 46449, PFD at 258.

<sup>1067</sup> Docket No. 46449, PFD at 263 (emphasis added). See also Docket No. 46449, Order at FoF No. 212 (Jan. 11, 2018).

<sup>1068</sup> Staff Ex. 2 (Givens Dir.), Attachment AG-23 at 2-3, 6-7.

<sup>1069</sup> AEP Texas Initial Brief at 84 (citing Docket No. 46449, Order (Jan. 11, 2018)).

<sup>1070</sup> Staff Reply Brief at 41.



In Docket No. 46449, Staff witness Ruth Stark's basis for allowing keep the debt component is not clear, and the PFD provides no reasoned justification for allowing it. Regardless, Commission precedent provides that carrying costs associated with shared facilities charges incurred from affiliates are unnecessary and unreasonable.<sup>1071</sup> Certainly, when the debt component is known, as here, allowing the Company to retain the debt component runs contrary to PURA § 36.058(a)(2) and (b) which prohibits as a capital cost or expense a payment to an affiliate for interest expense unless the regulatory authority finds the payment is reasonable and necessary for each item or class of items as determined by the Commission..<sup>1072</sup>

Accordingly, the ALJs recommend that the Commission approve Ms. Givens's proposed adjustment to remove \$811,530 (Central Division \$580,126 + North Division \$231,404) from the Company's proposed cost of service, which reflects both the debt and the equity portion of carrying costs associated with affiliate charges. The ALJs also recommend that the Commission remove both the debt and the equity component of carrying charges the Company received from its affiliates related to AEPSC's or AEP Texas's occupancy of other AEP affiliate buildings in the amount of \$644,132 (Central Division \$620,141 + North Division \$23,991). The net reduction from Ms. Givens's expense and revenue adjustments is (\$167,398).

## **2. Overall AEPSC Charges to AEP Texas**

### **a. STEC's Position**

STEC challenges the overall affiliate charges by AEPSC to AEP Texas. STEC claims that the amount AEPSC charged TNC and TCC for the 2018 test year is substantially higher than the amounts charged in the preceding three years..<sup>1073</sup> For example, AEPSC charged TNC and TCC \$130,715,296 in 2015; \$140,984,824 in 2016; and \$151,930,358 in 2017; but

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<sup>1071</sup> Docket No. 43695, Order on Rehearing, FoF No. 137 (Feb. 23, 2016).

<sup>1072</sup> PURA § 36.058(a)(2) and (b).

<sup>1073</sup> STEC Initial Brief at 21.

appropriate jurisdictions.<sup>515</sup> But once Dr. Szerszen took issue with particular work orders, SPS needed to provide convincing evidence, such as a showing a sample of work orders that properly reflected costs that should be partially charged to Texas ratepayers.

OPUC asked SPS a series of questions during discovery concerning the allocation of costs to Texas and New Mexico in Ms. Schmidt-Petree's rebuttal testimony. SPS's responses reveal an extremely complicated jurisdictional allocation process.<sup>516</sup> It is possible that SPS provided support for Ms. Schmidt-Petree's testimony but the ALJs cannot, without further explanation, divine the particular allocation processes used for these work orders.

The ALJs understand SPS's argument that, if the directly assigned New Mexico orders are disallowed, there should be an increase of \$296,138 for "Texas" work orders. Those orders were allocated the same way, testified Ms. Schmidt-Petree. However, SPS bears the burden of proof on this issue. OPUC raised a concern about a set number of work orders and SPS did not meet its burden of showing that those work orders were an allowable expense. Accordingly, the ALJs recommend a disallowance of \$203,474.

## **5. Shared Facilities Charge**

SPS witness Ms. Perkett explained that shared assets are assets used by an Xcel Energy affiliate (*e.g.*, XES) that are owned by one of the Xcel Energy Operating Companies. The shared asset is recorded on the books of the Xcel Energy Operating Company. Because the asset is owned by one of the Operating Companies, but used by, for example, XES employees performing work for all of the Operating Companies, the costs for that asset must be shared among all the Operating Companies. The costs that the owner incurs for these assets include book depreciation, tax depreciation, related deferred taxes, removal cost recovery, property taxes, and a return on investment. According to Ms. Perkett, the return on investment associated with the shared assets is included to ensure SPS customers, and the customers of the other

<sup>515</sup> SPS Ex. 37, Blair direct at 18-20.

<sup>516</sup> See OPUC Ex. 30, 30A; OPUC Ex. 8, Szerszen workpapers at 17-20.

SPS should be allowed to recover it in its cost of service. She indicated that the charges for shared asset costs represent “rent” paid to the owning operating company for the XES employees’ use of the assets. The return on shared assets represents the after-tax WACC, based on a regulatory authority’s approved return and cost of capital. By including return in shared assets carrying costs, this represents the actual cost of service for the shared assets for the owning Operating Company, stated Ms. Perkett. And she noted that the relevant regulatory authorities have approved the return and weighted average cost of capital for each of the owning companies. Moreover, FERC considered SPS’s methodology for applying a return on shared assets and did not disagree with it.<sup>520</sup>

The ALJs concur with Staff. The cost of a profit to an affiliate is an unnecessary and unreasonable expense to Texas ratepayers and is inconsistent with case law. SPS’s shared facilities charge expense should be adjusted downward by \$1,564,659 to remove the carrying costs associated with the shared assets that have been charged to SPS. Additionally, SPS’s revenue requirement should be adjusted upward by \$4,487,726 to remove the return on assets that SPS received from other affiliates. As recommended by Ms. Givens, this adjustment should be made to FERC Account 922.

## 6. Life Events

For most affiliate classes, SPS included expenses for life events, which are costs incurred to improve employee morale by acknowledging specific events such as the birth of a child or death of a family member. Staff witness Ms. Givens testified that this gesture of “kindness and compassion” is not reasonable and necessary for the provision of electric utility service and recommended a disallowance of Life Event costs totaling \$2,475.<sup>521</sup> Although SPS believes these costs are reasonable and beneficial, it does not contest this proposed disallowance. Accordingly, the ALJs recommend that this expense be excluded from SPS’s affiliate expenses.

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<sup>520</sup> SPS Ex. 42, Perkett rebuttal at 24-26.

<sup>521</sup> Staff Ex. 5A, Givens direct at 35.

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

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

**Question No. Staff 5-63:**

Refer to Schedule G-14, Regulatory Commission Expense and Schedule A-4, Detail Trial Balance for the Test Year Ended March 31, 2020. Please reconcile the total test year amount of \$2,497,184 shown on Schedule G-14, Regulatory Commission Expense, with the amount of \$2,624,761 shown for account 9280, Regulatory Commission Expense, on Schedule A-4.

**Response No. Staff 5-63:**

Please see Staff 5-63 Attachment 1 Regulatory Expenses for a reconciliation of the total test year amounts as shown on Schedule G-14 to the 9280 balance as shown on Schedule A-4. Certain accounts were inadvertently excluded from Schedule G-14. An additional \$46,306 should have been removed from the Company's total request for FERC 9280.

Prepared By: Tiffany A. Powell Day

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch