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

**Question Staff No. 17-12:**

Refer to the rebuttal testimony of David Hodgson at page 25, lines 8-9 which states:  
Second, Staff's calculation uses a Texas Retail Allocation factor of 36.94%. The calculation provided by the Company has a 35.01% Texas Retail allocation factor.  
Please confirm that SWEPCO used a Texas Retail allocation factor of 36.94% at WP B-1.5.17 (Dolet ADFIT Off-Set) to calculate the ADFIT value SWEPCO proposed to use to offset the Dolet Hills book value and explain how using the same factor that was used by the company is an "error or omission" in Staff's calculation as implied by Mr. Hodgson at line 2.

**Response Staff No. 17-12:**

SWEPCO did use a Texas Retail allocation factor of 36.94% in WP B-1.5.17. Staff's "error" was the result of the Company's "error." While analyzing Staff's calculation of the unprotected excess ADFIT, the Company became aware that the allocation factor used in WP B-1.5.17 was not consistent with the allocation of deferred taxes in the Commission approved rates at the time of the tax rate change resulting from the Tax Cuts & Jobs Act of 2017. Company witness Michael Baird provided an updated allocation factor in Exhibit MAB-2R filed with his rebuttal testimony.

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