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SOAH DOCKET NO. 473-21-0538

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| APPLICATION OF SOUTHWESTERN | § | BEFORE THE STATE OFFICE |
| ELECTRIC POWER COMPANY FOR | § | OF |
| AUTHORITY TO CHANGE RATES | § | ADMINISTRATIVE HEARINGS |

**COMMISSION STAFF'S SIXTH REQUEST FOR INFORMATION
TO SOUTHWESTERN ELECTRIC POWER COMPANY
QUESTION NO. STAFF 6-1 THROUGH STAFF 6-14**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144 of the Commission's Procedural Rules, the Staff of the Public Utility Commission of Texas (Staff) requests that Southwestern Electric Power Company (SWEPCO) and through its attorneys of record, provide the following information and answer the following question(s) under oath. The question(s) shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 20 days, if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question. These question(s) are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

Provide responses to the Requests for Information by filing with the Commission solely through the Interchange on the Commission's website and provide notice, by email, to all other parties that the pleading or document has been filed with the Commission, unless otherwise ordered by the presiding officer pursuant to the Order Suspending Rules in Docket No. 50664.

Dated: November 23, 2020

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on November 23, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Alaina Zermeno
Alaina Zermeno

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**COMMISSION STAFF'S SIXTH REQUEST FOR INFORMATION
TO SOUTHWESTERN ELECTRIC POWER COMPANY
QUESTION NO. STAFF 6-1 THROUGH STAFF 6-14**

DEFINITIONS

- 1) "SWEPCO" or "Company: or "you" refers to Southwestern Electric Power Company. and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.

- 2) "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond the Company's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do exist, and these documents will be provided.

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**COMMISSION STAFF'S SIXTH REQUEST FOR INFORMATION
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INSTRUCTIONS

- 1) Pursuant to 16 TAC § 22.144(c)(2), Staff requests that answers to the requests for information be made under oath.
- 2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.
- 3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.
- 4) Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.
- 7) Pursuant to 16 TAC § 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- 8) Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

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**COMMISSION STAFF'S SIXTH REQUEST FOR INFORMATION
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Capital Structure

- Staff 6-1** Please provide Southwestern Electric Power Company's (SWEPCO or the Company) actual capital structure as of the end of the test year.
- Staff 6-2** Refer to Staff 6-1. Please provide a detailed reconciliation between the Company's actual capital structure as of the end of the test year and the Company's requested capital structure in its application.
- Staff 6-3** Refer to Schedule K-1. Please provide workpapers showing the calculation and composition of the (\$16,768,759) adjustment to long-term debt in column (4).
- Staff 6-4** Refer to Schedule K-1. Please provide workpapers showing the calculation and composition of the \$1,268,035 adjustment to equity in column (4).

Return on Equity

- Staff 6-5** Please identify any dockets where the Commission explicitly made a size adjustment in considering rate of return for an electric utility in a final order.
- Staff 6-6** Please identify any dockets where the Commission explicitly made a credit risk adjustment in considering rate of return for an electric utility in a final order. For any instance that the Company identifies, please provide the subject utility's credit ratings.

Cost of Debt

- Staff 6-7** Refer to Schedule K-3. Please provide the calculation and composition of the amount of \$648,837.84 for Amortization of Loss (Gain) on Reacquired Debt. Please identify all debt issuances that give rise to these amounts. Please explain and justify why the Company adds Amortization of Loss (Gain) on Reacquired Debt in its adjustment to Annual Requirement. Please specifically explain and justify this in light of the fact that Column (I) on Schedule K-3 schedule, which pertains to Gain (Loss) on Reacquired Debt, shows no amounts for the Company's outstanding debt issuances.
- Staff 6-8** Refer to the MS Excel file named "SWEPCO 03-31-2020 WCOC," specifically Cell Nos. J77, J78, J81, J82, and J83 of the tab named "Debt issue-disc-loss." These cells appear to have hard coded monthly amounts multiplied by 12 to

annualize them. Please provide workpapers showing the calculation, derivation, or source of those monthly amounts.

- Staff 6-9** Refer to Schedule K-3. Please provide the calculation and composition of the amount of \$1,921,313 for Amortization of Hedging Costs. Please identify all hedges and hedged debt issuances that give rise to these amounts. Please explain and justify why the Company adds Amortization of Hedging Costs in its adjustment to Annual Requirement.
- Staff 6-10** Refer to Schedule K-3. Please provide the calculation and composition of the amount of (\$6,453,128) for Unamortized Loss (Gain) on Reacquired Debt. Please identify all debt issuances, including the gain or loss and date of transaction, that give rise to these amounts. Please explain and justify why the Company subtracts Unamortized Loss (Gain) on Reacquired Debt in its adjustment to Debt Balance.
- Staff 6-11** Refer to Schedule K-3. Please provide the calculation and composition of the amount of (\$1,594,703) for Unamortized Hedging Costs. Please identify all hedges and hedged debt issuances that give rise to these amounts. Please explain and justify why the Company subtracts Unamortized Hedging Costs in its adjustment to Debt Balance.
- Staff 6-12** Refer to the MS Excel file named "SWEPCO 03-31-2020 WCOC," specifically the tab named "LTD." Please confirm that the Series I Hedge Loss (referred to in Cell No. G96) will be fully amortized on January 31, 2022. If not confirmed, please explain in detail.
- Staff 6-13** Refer to Staff 6-12. Please explain and justify why the Company proposes to calculate its requested cost of debt based on this hedge loss from February 2012 that will be fully amortized less than one year after SWEPCO's rate change.
- Staff 6-14** Refer to Staff 6-12. Please confirm that, if SWEPCO had not included the Series I Hedge Loss from February 2012 in its calculation, SWEPCO's requested cost of debt would have been 4.08%. If anything other than confirm, please provide calculations and a detailed explanation.