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**SOAH DOCKET NO. 473-22-00991
PUC DOCKET NO. 53625**

APPLICATION OF SOUTHWESTERN ELECTRIC POWER COMPANY FOR CERTIFICATE OF CONVENIENCE AND NECESSITY AUTHORIZATION AND RELATED RELIEF FOR THE ACQUISITION OF GENERATION FACILITIES	§ § § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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**SOUTHWESTERN ELECTRIC POWER COMPANY’S RESPONSE TO
COMMISSION STAFF’S SIXTH REQUEST FOR INFORMATION**

NOVEMBER 10, 2022

TABLE OF CONTENTS

<u>SECTION</u>	<u>FILE NAME</u>	<u>PAGE</u>
Response No. STAFF 6-1	53625 STAFF06.pdf.....	2
Response No. STAFF 6-2	53625 STAFF06.pdf.....	3

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SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
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Question No. STAFF 6-1:

Please identify each specific ratemaking treatment associated with SWEPCO's proposed acquisition of the selected generation facilities for which it seeks explicit Commission approval in this proceeding, if any.

- a) For each specific ratemaking approval sought (if any), please provide detailed references to the pleading or testimony where such explicit approval is requested.
- b) If SWEPCO is not seeking Commission explicit approval in this proceeding of any specific ratemaking treatment related to its proposed acquisition of the selected generation facilities, please confirm that all revenue requirement calculations provided in testimony and discovery responses are for illustrative purposes only with respect to the issue or question presented and do not constitute a request for implied Commission approval of any particular ratemaking treatment.

Response No. STAFF 6-1:

a) & b)

SWEPCO anticipates utilizing the Commission's Generation Cost Recovery Rider (GCRR) or filing a general base rate case (or a combination of the two) to recover the cost of the investment in the Selected Facilities, as described in the direct testimony of Company witnesses Brice and Aaron. However, the Company does not request Commission action relating to GCRR nor base rates in this proceeding. Additionally, witness Aaron details the customer impact using an estimated revenue requirement offset by applicable federal tax incentives, as well as investment and fuel cost allocation methodologies, however SWEPCO does not request Commission approval of these items in this proceeding.

SWEPCO requests approval of its proposal by which a non-approving jurisdiction's retail share of the costs and benefits of the acquisition of the Selected Facilities would be allocated to Texas, if regulatory approval of the Selected Facilities were to be granted in less than all three of SWEPCO's retail jurisdictions. SWEPCO detailed this request in its petition and at pages 12-13 and 20 in the direct testimony of Company witness Brice.

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Question No. STAFF 6-2:

Please confirm that the method used to finance the acquisition of the selected generation facilities (for example, traditional debt and equity financing or the use of a tax equity partnership) or the potential sale of PTCs to a third party (or both) would impact how such facilities and the related tax impacts would be reflected in SWEPCO's rates. If SWEPCO cannot confirm, please provide a detailed explanation of how the method of financing the selected facilities or the potential sale of PTCs to a third party would not impact how the facilities and related tax impacts would be reflected in its rates.

Response No. STAFF 6-2:

The renewable facilities will be financed with traditional debt and equity as well as available cash flow from operations, if any. The passage of the IRA eliminates the need for tax equity partnership at this time. The tax credits will not be used to fund the acquisition of the renewable facilities but will be credited to customers over time. Please refer to Company Witness Aaron's Supplemental Direct Testimony for the rate impacts of the IRA.

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