



Southwestern Electric
Power Company
P.O. Box 21106
Shreveport, LA 71156-0001
SWEPCO.com

Albert M. Smoak
President and Chief Operating Officer

October 13, 2020

Mercy Rushing
City Administrator, City of Mineola
300 Greenville Avenue
Mineola TX 75773

Re: *Application of Southwestern Electric Power Company for Authority to Change Rates*

Dear City Administrator Rushing:

Southwestern Electric Power Company (SWEPCO) is proud to be a member of your community and to be able to serve your residents and businesses for more than 100 years. We appreciate the support of our community partners through the years in backing new generation and other important projects that help serve our cities today, and that will help us continue to provide service well into the future. Our approach to providing affordable electricity has relied on a balanced portfolio of generation assets including solid fuel, natural gas, renewables, purchased power and energy efficiency. The economic vitality of your communities benefits from a dependable supply of electric power at reasonable costs.

This letter is to provide you information on the filing that SWEPCO is making on October 13, 2020, to better align SWEPCO's revenues with the cost of providing service and to position SWEPCO to provide safe, reliable, and efficient service to customers now and in the years to come.

Despite SWEPCO's significant cost control efforts, SWEPCO's load growth has not been such that it allows revenues to keep pace with costs, and SWEPCO has been unable to meet its financial expectations or earn the return on equity authorized by the Public Utility Commission of Texas (Commission) in its last base rate case. SWEPCO has also announced that its Dolet Hills Power Station will retire no later than December 31, 2021. As part of its filing, SWEPCO has proposed a rate treatment to mitigate the significant impact of depreciating the plant over its remaining economically useful life. In addition, SWEPCO is requesting an increase in rates to expand its vegetation management program, and recommends those funds be specifically earmarked to maintain and improve reliability for customers in Texas. SWEPCO is also requesting Commission approval of certain policy-oriented proposals including the establishment of a self-insurance reserve, deferred recovery of Hurricane Laura restoration costs and certain charges billed to SWEPCO by the Southwest Power Pool, and a declaratory order related to investment in battery

storage. Finally, SWEPCO is proposing to establish baseline calculations for future filings and to modify or implement certain new tariffs.

To that end, SWEPCO is filing on October 13, 2020 with the Commission, and by this letter to cities that have retained original jurisdiction over SWEPCO, to change its retail electric rates. For your convenience, a list of cities that have retained original jurisdiction over SWEPCO's rates and those which have ceded that original jurisdiction to the Commission are shown below. If your City has previously ceded its original rate-setting jurisdiction to the Commission as shown below, this information is being provided to you as a courtesy and no action is required by you.

Alba	*Gary	Marshall	Red Lick
Atlanta	Gilmer	Maud	Rolling Meadows
Avery	Gladewater	McLeod	Saltillo
*Beckville	Golden	Memphis	Scottsville
Bettie	Grand Saline	Miller's Cove	*Shamrock
Big Sandy	Hallsville	Mineola	Spring Hill
Bloomburg	Hawkins	Mt. Enterprise	*Tatum
Carthage	*Hedley	Mt. Pleasant	Tenaha
Cason	*Henderson	Mt. Vernon	Texarkana
Center	Hooks	Naples	Turnertown
Childress	Hughes Springs	Nash	*Union Grove
*Clarendon	Jefferson	New Boston	Wake Village
Clarksville City	Joinerville	New London	Wamba
Cookville	Kilgore	Omaha	Warren City
Daingerfield	Lakeport	Overton	Waskom
DeKalb	*Lakeview	Pickton	Wellington
*Dodson	Leary	Pittsburg	White Oak
East Mountain	*Liberty City	Price	Winfield
Estelline	Linden	Pritchett	Winnsboro
Fruitvale	Longview	Queen City	Winona

* Ceded original jurisdiction to the Commission

SWEPCO is providing the following three attachments to this letter on the accompanying flash drive for your convenience.

Attachment 1 to this letter discusses the action your city must take **before November 17, 2020**, and provides sample city ordinances for your convenience. If your City has previously ceded its original rate-setting jurisdiction to the Commission as shown above, this information is being provided to you as a courtesy and no action is required by you.

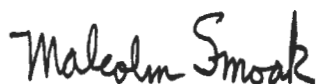
Attachment 2 is SWEPCO's Petition and Statement of Intent, which describes SWEPCO's request to change its rates for those cities that have retained original jurisdiction.

Attachment 3 provides a copy of the proposed tariffs included in Schedule Q-8.8 of SWEPCO's rate filing package.

As has always been the case, SWEPCO is committed to working with local and state officials to ensure the timely construction and maintenance of a strong and robust generation, transmission, and distribution system. We believe such strength enhances overall service reliability and the economic potential for the state and the communities we serve.

If you have any questions about SWEPCO's request to change its retail rates in Texas, or would like to receive a copy of the complete application and rate filing package filed at the Commission, please contact Stacy Bankston-Pankratz, SWEPCO Regulatory Case Manager, at (214) 777-1081. You may also contact your local SWEPCO external affairs manager. Mark A. Robinson can be reached at 903-234-7351

Sincerely,

A handwritten signature in black ink that reads "Malcolm Smoak". The signature is written in a cursive, slightly slanted style.

Malcolm Smoak
Southwestern Electric Power Company
President and Chief Operating Officer

Attachments