



An **AEP** Company

BOUNDLESS ENERGY™

Southwestern Electric  
Power Company  
400 W 15<sup>th</sup> Street, Suite 1500  
Austin, TX 78701  
www.SWEPCO.com

September 29, 2023

**Re: PUC Docket No. 55438 *Application of Southwestern Electric Power Company for Approval to Amend Its Transmission Cost Recovery Factor***

Southwestern Electric Power Company (SWEPCO) has filed with the Public Utility Commission of Texas (PUC) for approval to amend its Transmission Cost Recovery Factor (TCRF). SWEPCO made this filing on September 29, 2023.

Provided with this letter is a copy of the Application including Attachment A (proposed tariff) and Attachment B (proposed notice). This letter and the enclosures are for notice purposes only and **no action is required by your city.**

If you have any questions please contact Stacy Bankston, SWEPCO Regulatory Case Manager, at (214) 777-1081 or you can contact your local SWEPCO external affairs manager.

Yours very truly,

A handwritten signature in cursive script that reads "Stacy Bankston".

Attachments

**PUC DOCKET NO. 55438**

<b>APPLICATION OF SOUTHWESTERN ELECTRIC POWER COMPANY FOR APPROVAL TO AMEND ITS TRANSMISSION COST RECOVERY FACTOR</b>	<b>§ § § § §</b>	<b>BEFORE THE  PUBLIC UTILITY COMMISSION  OF TEXAS</b>
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**SOUTHWESTERN ELECTRIC POWER COMPANY’S STATEMENT OF INTENT  
AND APPLICATION FOR APPROVAL TO AMEND ITS TRANSMISSION COST  
RECOVERY FACTOR**

Southwestern Electric Power Company (SWEPCO or the Company) files this Application for Approval to Amend its Transmission Cost Recovery Factor (TCRF) under Section 36.209 of the Public Utility Regulatory Act (PURA)<sup>1</sup> and counterpart 16 Tex. Admin. Code (TAC) § 25.239. The TCRF allows SWEPCO to recover reasonable and necessary costs for transmission infrastructure improvements and changes in wholesale transmission charges under a tariff approved by the Federal Energy Regulatory Commission (FERC) to the extent that the costs or charges have not otherwise been recovered.

The Commission set SWEPCO’s TCRF to zero in SWEPCO’s last comprehensive base rate case, Docket No. 51415,<sup>2</sup> and it established new TCRF baselines in the related compliance filing proceeding, Docket No. 53046.<sup>3</sup> The Commission approved an amendment to SWEPCO’s TCRF in Docket No. 54040 based on an annual revenue requirement of \$8,094,798.<sup>4</sup> In this

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<sup>1</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016 (PURA).

<sup>2</sup> *Application of Southwestern Electric Power Company for Authority to Change Rates*, Docket No. 51415, Order (Jan. 14, 2022).

<sup>3</sup> *Compliance Filing for Docket No. 51415 (Application of Southwestern Electric Power Company for Authority to Change Rates)*, Docket No. 53046, Order (Aug. 4, 2022).

<sup>4</sup> *See Application of Southwestern Electric Power Company for Approval to Amend its Transmission Cost Recovery Factor*, Docket No. 54040, Order at 1 (Jul. 20, 2023).

proceeding, SWEPCO requests that the TCRF annual revenue requirement be increased by \$3,461,491 to \$11,556,289.

As recognized by the Commission, the purpose of the TCRF mechanism is to reduce regulatory lag and provide for a more timely recovery of a utility's incremental transmission costs outside of the context of a complex, costly, and comprehensive base-rate proceeding.<sup>5</sup> In SWEPCO's first TCRF proceeding (Docket No. 42448), the Proposal for Decision repeatedly described the setting of a TCRF as a "streamlined" process.<sup>6</sup>

To advance the Legislative intent of providing a more timely recovery of transmission costs, SWEPCO makes two requests, as it did in its most recent TCRF proceeding (Docket No. 54040). First, SWEPCO requests that the procedural schedule in this proceeding reflect the streamlined nature of the TCRF mechanism and allow the Commission to act on this Application in significantly less than 185 days. This request is discussed further below in Section IV. Second, to facilitate the setting of a streamlined procedural schedule, SWEPCO requests an expedited referral of this proceeding to the State Office of Administrative Hearings (SOAH).

### **I. Jurisdiction and Parties**

SWEPCO is an electric utility, a public utility, and a utility, as those terms are defined in PURA §§ 11.004(1) and 31.002(6), and is subject to the Commission's jurisdiction under PURA. The Commission has jurisdiction over this matter under PURA §§ 14.001 and 36.209.

SWEPCO serves retail electric customers in Texas, Louisiana, and Arkansas, and serves wholesale electric customers as well. This Commission regulates SWEPCO's Texas retail operations. The Louisiana and Arkansas Public Service Commissions regulate SWEPCO's

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<sup>5</sup> See *Application of Southwestern Electric Power Company for Approval of a Transmission Cost Recovery Factor*, Docket No. 42448, Order at Finding of Fact (FoF) No. 20 and Conclusion of Law (CoL) No. 19 (Nov. 24, 2014).

<sup>6</sup> See Docket No. 42448, Proposal for Decision at 12 and 15 (Oct. 10, 2014).

Louisiana and Arkansas retail operations, respectively, while FERC regulates SWEPCO's wholesale power sales and transmission of electricity in interstate commerce. SWEPCO's business address is 428 Travis Street, Shreveport, Louisiana 71101.

Under PURA § 36.209, the Commission has exclusive original jurisdiction over this Application both as to environs customers and as to customers within the corporate limits of municipalities within SWEPCO's Texas retail service area. The proposed effective date for the requested rate change is 35 days from the filing of this Application.

SWEPCO's authorized representatives for service of all pleadings and other documents is:

Stacy Bankston  
American Electric Power Service Corporation  
400 West 15th Street, Suite 1520  
Austin, Texas 78701  
Telephone: (214) 777-1081  
Facsimile: (512) 481-4591  
[aepaustintx@aep.com](mailto:aepaustintx@aep.com) (service)

SWEPCO's authorized legal representatives are:

Melissa Gage  
Leila Melhem  
American Electric Power Service Corporation  
400 West 15th Street, Suite 1520  
Austin, Texas 78701  
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## II. Parties Affected

SWEPSCO and its Texas retail customers will be the parties affected by the relief requested in this Application. If the TCRF requested in this Application is approved, the total increase in SWEPCO's Texas retail revenue requirement above its current TCRF will be \$3,461,491. This amounts to a 0.86% increase in SWEPCO's current annualized Texas retail revenue requirement, compared to the base rates established in Docket No. 51415, SWEPCO's most recent base rate proceeding.

## III. Statement of Facts

SWEPSCO's most recent base rate proceeding was Docket No. 51415. The review period in Docket No. 51415 has an end date of March 31, 2020. From the end of that review period through July 31, 2023, SWEPCO's total company transmission invested costs have increased by \$422,895,511, which on a Texas retail basis equates to a net increase in transmission infrastructure investment costs of \$172,973,122.<sup>7</sup>

Taking the return of and on that investment, the net sum of the other transmission investment-related expenses, after accounting for offsetting transmission-related revenue credits received by SWEPCO and changes in wholesale transmission charges that are incurred pursuant to FERC-approved tariffs, the proposed annual revenue requirement in this case is \$11,556,289 (Texas retail), which is \$3,461,491 more than the annual revenue requirement approved in Docket No. 54040, and which SWEPCO seeks to recover through the approval and amendment to the TCRF that is being requested in this Application.

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<sup>7</sup> See Line 8 of Exhibit JDS-1 attached to the Direct Testimony of Company witness J. David Spring.

#### **IV. Request for Expedited Procedural Schedule and Referral to the State Office of Administrative Hearings**

As noted above, the Commission has recognized that the purpose of the TCRF mechanism is to reduce regulatory lag and provide for a more timely recovery of incremental transmission costs.<sup>8</sup> This recognition is consistent with the legislative history of PURA § 36.209, which states that the law allows the Commission to establish a mechanism to provide non-ERCOT companies an opportunity to more quickly recover costs associated with new transmission construction.<sup>9</sup>

As recognized by the Commission, the TCRF mechanism allows a utility to recover its incremental transmission costs outside the context of a complex and comprehensive base-rate proceeding. Because a TCRF proceeding is essentially a single-issue rate proceeding, it is reasonable to assume that a TCRF proceeding can be concluded in significantly less time than a comprehensive base rate proceeding, which is generally to be concluded within 185 days under PURA § 36.154.

When the Commission adopted the TCRF rule, it declined to establish a set procedural schedule for all TCRF proceedings. However, the comments in that rulemaking of Cities Advocating Reasonable Deregulation (CARD), an intervenor in SWEPCO's previous TCRF proceedings and a likely intervenor in this proceeding, reflect the reasonable belief that a TCRF should be concluded in a shorter time period than a comprehensive base-rate proceeding. CARD "suggested a time period of 135 days from beginning to end" if the Commission were to establish a procedural schedule for TCRF proceedings.<sup>10</sup>

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<sup>8</sup> See Docket No. 42448, Order at CoL No. 19; *see also Rulemaking Relating to Transmission Cost-Recovery Factor for Non-ERCOT Utilities*, Project No. 33253, Order Adopting New§ 25.239 at 24 (Dec. 14, 2007).

<sup>9</sup> See Docket No. 42448, Order at CoL No. 20; *see also* Senate Research Center, Bill Analysis, C.S.H.B. 989, Senate Committee on Business and Commerce Committee Report (Substituted), 79th Leg., R.S. (May 16, 2005).

<sup>10</sup> Project No. 33253, Order Adopting New § 25.239 at 30.

In keeping with the purpose of the TCRF enabling statute and corresponding rule, SWEPCO requests that this proceeding be referred to SOAH on an expedited basis with instructions that the assigned administrative law judge approve a procedural schedule that will allow the Commission to issue a final order in this proceeding in significantly less than the 185 days statutorily allowed for a comprehensive general base rate case.

#### **V. Proposed Tariff**

SWEPCO's proposed TCRF tariff is attached to this Application as Attachment A.

#### **VI. Supporting Documentation**

In support of this Application, SWEPCO is filing written testimony of three witnesses, along with exhibits and workpapers. The witnesses and their respective subject matters are as follows:

Jacob A. Miller: describes (1) the TCRF formula, the jurisdictional and class allocation factors used to allocate the revenue requirement, and the billing determinants used in developing the TCRF factors; and (2) the TCRF tariff that SWEPCO requests be approved in this filing.

J. David Spring: establishes (1) the return on total company transmission invested capital (TIC), including accumulated depreciation and accumulated deferred income taxes and TIC investment-related expenses (e.g., depreciation); and (2) the new total company approved transmission charges (ATC). (The sum of these components equals the overall TCRF revenue requirement.) Mr. Spring also addresses the recovery of TCRF revenues and supports SWEPCO's recovery of rate-case expenses.

Bradley L. Myers: (1) describes the American Electric Power Company, Inc. (AEP) and SWEPCO transmission systems and how AEP plans its transmission system and manages its transmission operations; and (2) supports the necessity and reasonableness of SWEPCO's transmission capital additions placed in service from July 1, 2022, through July 31, 2023.

## **VII. Notice**

SWEPCO will provide notice of this Application in accordance with PURA § 36.103 and 16 TAC § 22.51(a). A copy of the proposed notice is attached to this Application as Attachment B. SWEPCO will provide the notice by mail to all affected customers. SWEPCO will also email or deliver a copy of the Application to the appropriate officer of each affected municipality and to the Office of Public Utility Counsel on the date the Application is filed at the Commission. Proof of notice will be filed with the Commission upon completion of notice.

## **VIII. Request for Recovery of Rate-Case Expenses**

SWEPCO requests recovery of the incremental costs related to this proceeding including external expenses, those incurred by its witnesses (excluding payroll), as well as any reimbursement to municipalities for participating in this proceeding. SWEPCO requests that the expenses related to this docket be reviewed and recovered in a subsequent proceeding as described in the testimony of Mr. Spring.

## **IX. Confidentiality**

SWEPCO expects that it may need to furnish, either in testimony, workpapers, or responses to requests for information, confidential or highly sensitive information, the disclosure of which to third parties would cause SWEPCO substantial competitive harm or cause SWEPCO to violate contractual confidentiality obligations. Attached to this Application as Attachment C is a proposed Protective Order that will facilitate access to the confidential or highly sensitive material while protecting the interests of SWEPCO and the third parties to whom SWEPCO owes confidentiality obligations.

The proposed Protective Order is substantially the same as the protective order approved by the Commission in SWEPCO's most recent base rate case, Docket No. 51415. SWEPCO requests that the Commission enter a protective order in the form attached to this Application as



Attachment C. Pending approval of the Protective Order, SWEPCO will offer access to confidential and highly sensitive information to eligible requesting parties who execute the protective order certification provided in Attachment C.

## **X. Conclusion**

For the reasons set forth in this Application and the accompanying testimony, SWEPCO respectfully requests that the Commission:

- (1) expedite approval of the content and form of SWEPCO's proposed notice;
- (2) refer this proceeding to SOAH on an expedited basis;
- (3) approve the proposed Protective Order attached to this Application;
- (4) approve the Company's proposal for recovery of rate-case expenses; and
- (5) enter a final order finding SWEPCO's TIC reasonable and necessary and authorizing SWEPCO to implement a TCRF sufficient to recover the transmission-related costs requested in this Application.

SWEPCO further requests such other relief to which it may be entitled.

Dated: 09/29/2023

RESPECTFULLY SUBMITTED,

Melissa Gage  
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By:   
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William Coe

**ATTORNEYS FOR  
SOUTHWESTERN ELECTRIC POWER COMPANY**

**SOUTHWESTERN ELECTRIC POWER COMPANY**

Tariff Manual - Public Utility Commission of Texas

Section Title: Rates, Charges, and Fees

Sheet No: IV-61

Section No: IV

Effective Date:

Applicable: All Areas

Revision: 7

Docket No: 55438

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**TRANSMISSION COST RECOVERY FACTOR (TCRF) – RIDER TCRF**

**APPLICABILITY**

Each Retail Customer connected to the Company’s transmission or distribution system will be assessed a non-bypassable transmission service charge adjustment pursuant to this rider. The charges derived herein are pursuant to the requirements of PUC SUBST. R. 25.239, subsections (d) and (e).

**MONTHLY RATE**

The Retail Customer will be assessed this Transmission Cost Recovery Factor (TCRF) based on the monthly per-unit cost (TCRF Factor) multiplied times the Retail Customer’s appropriate monthly billing determinant (kilowatt-hour, kilowatt, or kilovolt-ampere).

Major Rate Class	TCRF Factors	Billing Units
Residential Service	\$0.002193	per kWh
General Service	\$0.002295	per kWh
Lighting and Power - Secondary	\$0.566516	per Billing kW
Lighting and Power - Primary	\$0.573899	per Billing kW
Lighting and Power - Transmission	\$0.573899	per Billing kW
Electric Furnace Service – Secondary	\$0.084752	per Billing kW
Electric Furnace Service – Primary	\$0.164398	per Billing kW
Cotton Gin Service	\$0.001931	per kWh
Oilfield Service	\$0.491634	per Billing kW
Metal Melting Service - Secondary	\$0.084752	per Billing kW
Metal Melting Service - Primary	\$0.164398	per Billing kW
Metal Melting Service - Transmission	\$0.187063	per Billing kW
Large Light and Power - Primary	\$0.436533	per Billing kW
Large Light and Power - Transmission	\$0.454000	per Billing kW
Municipal	\$0.001303	per kWh
Lighting	\$0.000716	per kWh

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Rates/riders not listed will be billed the factor applicable to the appropriate background tariff.

# **SOUTHWESTERN ELECTRIC POWER COMPANY**

## Tariff Manual - Public Utility Commission of Texas

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### **TRANSMISSION COST RECOVERY FACTOR (TCRF) – RIDER TCRF**

#### **Supplementary, Backup, Maintenance and As-Available Standby Power Service - Class I**

Supplementary Power Charge	TCRF Factor	Billing Unit	
Monthly Rate -- Primary	\$0.566516	LP Primary Demand Rate	I
Monthly Rate -- Secondary	\$0.566516	LP Secondary Demand Rate	I
<b>Backup Power Charge</b>			
Monthly Rate -- Primary	\$0.0308	per kW per day -- minimum of 6 days per request	I
Monthly Rate -- Secondary	\$0.0342	per kW per day -- minimum of 7 days per request	I
Monthly Rate -- Primary	\$0.18	per kW in excess of greater of Maint. kW or BU kW furnished during the month	I
Monthly Rate -- Secondary	\$0.24	per kW in excess of greater of Maint. kW or BU kW furnished during the month	I
<b>Maintenance Power Charge</b>			
Monthly Rate -- Primary	\$0.0154	per kW per day -- minimum of 12 days per request	I
Monthly Rate -- Secondary	\$0.0171	per kW per day -- minimum of 14 days per request	I
Monthly Rate -- Primary	\$0.09	per kW in excess of greater of Maint. kW or BU kW furnished during the month	I
Monthly Rate -- Secondary	\$0.12	per kW in excess of greater of Maint. kW or BU kW furnished during the month	I
<b>As-Available Standby Power Charge</b>			
Monthly kW Rate -- Primary	\$0.14	per kW	I
Monthly kW Rate -- Secondary	\$0.16	per kW	I

#### **Supplementary, Backup, Maintenance and As-Available Standby Power Service - Class II**

Supplementary Power Charge	TCRF Factor		
Monthly Rate -- Transmission	\$0.454000	LLP Transmission Demand Rate	I
<b>Backup Power Charge</b>			
Monthly Rate	\$0.02	per kW per day -- minimum of 4 days per request	I
Monthly Rate	\$0.10	per kW in excess of greater of Maint. kW or BU kW furnished during the month	I
<b>Maintenance Power Charge</b>			
Monthly Rate	\$0.01	per kW per day -- minimum of 8 days per request	I
Monthly Rate	\$0.05	per kW in excess of greater of Maint. kW or BU kW furnished during the month	I
<b>As-Available Standby Power Charge</b>			
Monthly kW Rate -- Transmission	\$0.03	per kW	I
<b>Standby Service Schedule</b>			
kW Charge Secondary	\$0.62	per month per kW for standby or billing demand, whichever is greater	I

**SOUTHWESTERN ELECTRIC POWER COMPANY**

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**TRANSMISSION COST RECOVERY FACTOR (TCRF) – RIDER TCRF**

kW Charge Primary	\$0.69	per month per kW for standby or billing demand, whichever is greater	I
kW Charge Transmission	\$0.56	per month per kW for standby or billing demand, whichever is greater	I
<b>As-Available Standby Power Service</b>		<b>TCRF Factor</b>	
Secondary kW Charge	\$0.16	per kW of As-Available Standby Power requested	I
Primary kW Charge	\$0.14	per kW of As-Available Standby Power requested	I
Transmission kW Charge	\$0.03	per kW of As-Available Standby Power requested	I
<b>Interruptible Power Service -- Sheet 37</b>		<b>TCRF Factor</b>	
Monthly kW Charge	\$0.34	per kW of Billing kW	I
Minimum Monthly kW Charge	\$0.34	per kW of Billing kW	I
<b>Interruptible Power Service -- Sheet 38</b>		<b>TCRF Factor</b>	
kW Charge Secondary	\$0.3116	per kW of Billing kW	I
kW Charge Primary	\$0.2183	per kW of Billing kW	I
kW Charge Transmission	\$0.2270	per kW of Billing kW	I

## **NOTICE OF RATE CHANGE REQUEST**

Southwestern Electric Power Company (SWEPCO or the Company) publishes this notice that on September 29, 2023, it filed its Statement of Intent and Application for Authority to Amend Transmission Cost Recovery Factor (TCRF) with the Public Utility Commission of Texas (Commission) in Docket No. 55438. The filing was made in accordance with the Public Utility Regulatory Act (PURA) § 36.209 and 16 Tex. Admin. Code (TAC) § 25.239. The TCRF will recover SWEPCO's reasonable and necessary costs for transmission infrastructure improvements as well as changes in wholesale transmission charges under a tariff approved by the Federal Energy Regulatory Commission (FERC) to the extent that the costs or charges have not otherwise been recovered. In this application, SWEPCO seeks to recover its transmission capital investments from July 1, 2022 through July 31, 2023. SWEPCO also seeks to recover through the TCRF approved transmission charges that are not otherwise being recovered through current rates. This notice is being published in accordance with PURA § 36.103 and 16 TAC § 22.51(a)(1).

### **STATEMENT OF INTENT TO CHANGE RATES**

SWEPCO requests that the Commission approve an increase of \$3,461,491 above the revenue requirement approved by the Commission in SWEPCO's last TCRF proceeding, Docket No. 54040 for its Texas retail customers. This amounts to a 0.86% percent increase in SWEPCO's overall annualized Texas retail revenue requirement. SWEPCO proposes that its requested rate change become effective 35 days after the filing of the Statement of Intent and Application. The proposed effective date is subject to suspension and extension by actions that may be taken by the Commission.

All customers in SWEPCO's Texas retail rate classes will be affected by this change. The impact of the rate change on various customer classes will vary from the overall impact described in this notice.

### **CONTACT INFORMATION**

Persons with questions or who want more information on SWEPCO's Statement of Intent and Application may contact SWEPCO at 428 Travis Street, Shreveport, Louisiana 71101, or call toll-free at (888) 216-3523 during normal business hours. A complete copy of the Statement of Intent and Application and related filings is available for inspection at the address listed in the previous sentence.

Persons who wish to intervene in or comment upon these proceedings should notify the Commission as soon as possible, as an intervention deadline will be imposed. A request to intervene or for further information should be mailed to the Public Utility Commission of Texas, P.O. Box 13326, Austin, Texas 78711-3326. Further information may also be obtained by calling the Public Utility Commission at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (TTY) may contact the Commission at (512) 936-7136. A request for intervention or for further information should refer to Docket No. 55438. Unless otherwise ordered by the presiding officer, motions to intervene will be due 45 days from the date SWEPCO filed its Statement of Intent and Application with the Commission.