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December 23, 2019

Ms. Mary Loos
Secretary of the Commission
Arkansas Public Service Commission
Office of the Secretary
1000 Center Street
Little Rock, AR 72201

Re: APSC Docket No. 19-008-U

Dear Ms. Loos:

Pursuant to the Commission's directions in Order No. 12, SWEPCO is filing a redacted Modified Settlement Agreement together with Attachments 1-4. A confidential version will be filed under seal.

Thank you for your attention to this matter. Please call if you have any questions or need additional information.

Sincerely,

/s/ Stephen K. Cuffman

Stephen K. Cuffman

cc: All Parties of Record

**BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF THE APPLICATION OF)
SOUTHWESTERN ELECTRIC POWER)
COMPANY FOR APPROVAL OF A GENERAL) DOCKET NO. 19-008-U
CHANGE IN RATES AND TARIFFS)**

UNANIMOUS MODIFIED SETTLEMENT AGREEMENT

REDACTED VERSION

DECEMBER 23, 2019

JOINT MODIFIED MOTION - EXHIBIT 1

**BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF THE APPLICATION OF)
SOUTHWESTERN ELECTRIC POWER)
COMPANY FOR APPROVAL OF A GENERAL)
CHANGE IN RATES AND TARIFFS) **DOCKET NO. 19-008-U****

UNANIMOUS MODIFIED SETTLEMENT AGREEMENT

Come now the General Staff (Staff) of the Arkansas Public Service Commission (Commission), Southwestern Electric Power Company (SWEPCO), the Consumer Utilities Rate Advocacy Division of the Arkansas Attorney General’s Office (Attorney General), Walmart, Inc. (Walmart), Western Arkansas Large Energy Consumers (WALEC), the Board of Trustees of the University of Arkansas (University of Arkansas) and Sierra Club (hereinafter the Settling Parties), representing all of the parties in this case, and agree to the following terms in settlement of all outstanding issues in the above-referenced Docket as adjusted by Order No. 12:

1. PROCEDURAL SCHEDULE & RECORD DEVELOPMENT:

SWEPCO proposed a level of revenue requirement, corresponding rates, and other items in its Application and Direct Testimonies and Exhibits filed February 28, 2019. After conducting extensive discovery, Staff, the AG, Walmart, WALEC, University of Arkansas , and Sierra Club filed Direct Testimony and Exhibits on July 16, 2019. SWEPCO filed Rebuttal Testimony and Exhibits on August 20, 2019. Staff, the AG, WALEC, University of Arkansas, and Sierra Club

filed Surrebuttal Testimony and Exhibits on September 24, 2019. SWEPCO filed Sur-Surrebuttal Testimony and Exhibits on October 2, 2019. Staff filed certain Errata Surrebuttal Testimony and Exhibits on October 11, 2019.

The Record has been developed fully as reflected in the filed testimonies and exhibits. In pursuit of settlement, a complete discussion of the issues outstanding was undertaken among the Settling Parties, each being a strong advocate for its respective position. The result is that the Settling Parties to this Unanimous Modified Settlement Agreement (Agreement) accept Staff's case advanced in its Surrebuttal Testimonies and Exhibits and Errata Surrebuttal Testimonies and Exhibits as to revenue requirement and all other issues, except as indicated below.

2. PRUDENCE OF INVESTMENTS

While only items D in part, and E below are exceptions to Staff's filed case, the Settling Parties offer the following prudence of investment list for clarification in the record as to their agreement that:

A. the Company prudently managed the cost of the Stall Power Plant that the Commission approved in Docket No. 06-120-U and the corresponding investment was included in Staff's filed rate base in support of the calculated revenue deficiency shown in section 3;

B. the Company was prudent in action and cost in the construction of the environmental retrofit projects at the Welsh Units 1 and 3, Pirkey, and Dolet

Hills Power Plants and the corresponding investments were included in Staff's filed rate base in support of the calculated revenue deficiency shown in section 3;

C. the Company prudently managed the costs associated with the environmental retrofit project at the Flint Creek Power Plant approved in Docket No. 12-008-U and the corresponding investment was included in Staff's filed rate base in support of the calculated revenue deficiency shown in section 3;

D. the Company prudently retired Welsh Unit No. 2 and the retirement was included in Staff's filed case. The Agreement provides for a return on the investment at the Company's incremental borrowing rate as provided in Section 3.B.7 and during the term of the Formula Rate Review (Rider FRR). The Company prudently complied with pending environmental requirements that caused the emission limits at the Welsh Unit No 2; and

E. the Company prudently replaced electro-mechanical meters with Automated Meter Reading (AMR) meters. Based on Staff's review of additional information and analyses provided by the Company, Staff's filed case was modified to restore the electro-mechanical meter replacement impact to the rate base determination (without modification of Staff's recommended depreciation rates).

3. REVENUE REQUIREMENT & COST ALLOCATION:

A. The Settling Parties agree that SWEPCO's non-fuel rate schedule revenue requirement, Arkansas jurisdiction, is an estimated \$182.8 million, with a resulting revenue deficiency of \$23.9 million as shown in Attachment No. 1. The agreed-to settlement revenue deficiency of \$23.9 million plus the existing tariff rider

revenue of \$28.9 million equals the total base rate revenue as shown in Attachment No. 1 of \$52.8 million.

B. While the agreed-upon revenue requirement reflects a negotiated settlement of all revenue requirement issues, the Settling Parties agree that the revenue deficiency and revenue requirement were developed based on Staff's Surrebuttal Testimony filed September 24, 2019 and Errata Surrebuttal Testimony and Exhibits filed October 11, 2019, which included certain disallowances coinciding wholly or partially with those recommended by the Attorney General and WALEC and reflected an approximate \$18.4 million revenue deficiency. Pursuant to the Agreement, Staff's Surrebuttal recommendations are adjusted only as listed below:

1. A correction which reduces and removes from the Current, Accrued and Other Liabilities (CAOL) component of the capital structure FAS 109 tax gross up amount of \$141 million and Interest Payable of \$31.2 million;
2. Adjustment to all capital components to reflect removal of the John W. Turk, Jr. Power Plant (Turk) asset balance amount, which along with the adjustments to CAOL discussed in 1 above, results in an increase of \$4.2 million in the revenue deficiency;
3. An allowed return on equity of 9.45%, resulting in an increase of \$0.8 million in the revenue deficiency;

4. Staff's recommended overall rate of return was updated as set forth below to reflect items 1-3 above.

COMPONENT	AMOUNT	PROPORTION	RATE	WTD. COST
LONG-TERM DEBT	\$2,068,301,064	36.72%	4.27%	1.57%%
PREFERRED STOCK	0	0.00%	0.00%	0.00%%
COMMON STOCK EQUITY	\$1,898,635,742	33.71%	9.45%	3.19%%
ADIT	\$471,248,915	8.37%	0.00%	0.00%%
POST-1970 ADITC LT DEBT	\$1,896,336	0.03%	4.27%	0.00%%
POST-1970 ADITC EQUITY	\$66,668	0.00%	2.82%	0.00%%
POST-1970 ADITC ST DEBT	\$1,740,778	0.03%	9.45%	0.00%%
CUSTOMER DEPOSITS	\$53,968,246	0.96%	2.92%	0.03%%
SHORT-TERM / INTERIM DEBT	\$72,713,709	1.29%	2.82%	0.04%%
CAOL	\$903,409,465	16.04%	0.00%	0.00%%
OTHER CAPITAL ITEMS	\$160,145,821	2.84%	3.83%	0.11%%
TOTAL	\$5,632,126,743	100.00%		4.93%%

The resulting overall rate of return is 4.93% with a weighted cost of debt of 1.75%.

5. Consistent with paragraph 2.E., inclusion of SWEPCO's investment in Automated Meter Reading Meters (AMR) in rate base (with no change to Staff's proposed depreciation rate), which results in an increase to the revenue deficiency of \$1.2 million;
6. Settlement Item No. 3.B.6 deleted pursuant to Order No. 12, Docket No. 19-008-U;

7. To recognize the position of the Attorney General and WALEC, SWEPCO agrees that the revenue requirement for Welsh Unit 2 will be based upon the Company's current incremental borrowing rate and applied to the Welsh Unit 2 remaining book value which results in an estimated \$0.3 million reduction to the revenue requirement;
8. To recognize the incentive compensation position of the Attorney General, SWEPCO agrees to an additional \$0.04 million reduction in the revenue requirement;
9. To recognize the position of the Attorney General, SWEPCO agrees to a transmission operation and maintenance expense adjustment which results in an estimated \$0.55 million reduction in SWEPCO's revenue requirement;
10. To recognize the position of the Attorney General, SWEPCO agrees to a reduction in revenue deficiency of \$0.09 million for late payment fees, dues and donations, and working capital;
11. The revenue deficiency was increased \$0.3 million based on the Company's billing determinants, as further described in Section 3D.

C. The Settling Parties agree the Commission should approve the depreciation rates set forth in Attachment No. 2 hereto, which are the rates

proposed in Staff Surrebuttal Exhibit GW-1 sponsored by Staff witness Gerrilynn Wolfe.

D. The Settling Parties agree the Commission should approve the billing determinants and current base revenues reflected in the Settlement Customer Class COS Study Summary set forth in Attachment No. 1 to the Agreement. The agreed upon Settlement Customer Class COS Study was developed using the allocation methods and factors embodied in SWEPCO's Cost of Service Study, which has been updated to incorporate Staff's Surrebuttal COS Study recommendations. The resulting non-fuel rate schedule revenue requirement for each customer class is as follows:

<u>RATE CLASS</u>	<u>REVENUE REQUIREMENT</u>	<u>Increase</u>
Residential	\$75,936,982	\$21,500,191
General Service	\$22,975,055	\$6,544,848
Lighting and Power	\$69,712,635	\$22,269,677
Large Industrial	\$8,505,467	\$1,968,272
Municipal	\$1,066,246	\$313,988
Lighting	\$4,623,370	\$198,218
Total Arkansas Retail	\$182,819,756	\$52,795,194

Note: The Total Arkansas Retail increase of \$52.8 M less the existing rider revenues of \$28.9 M equals the agreed-to net increase of \$23.9 M.

4. BASE RATES:

A. Residential customer class rate design will follow the principles set forth in the Direct, Rebuttal and Sur-surrebuttal Testimony of SWEPCO witness Jennifer L Jackson, as adjusted in settlement negotiations and as reflected in Attachment No. 3. The rate design of all other customer classes will follow the principles set forth in the testimonies of Ms. Jackson, as agreed to by Staff witness Robert H. Swaim . The distribution of revenue will follow the principles set forth in the Direct and Surrebuttal Testimony of Staff witness Robert H. Swaim, as adjusted in settlement negotiations.

B. New base rates reflecting this Agreement will be developed using the Company's recommended billing determinants and current base revenues, as recommended by Company witness Jennifer L. Jackson in her Sur-surrebuttal testimony. As part of the overall settlement, SWEPCO witness Jackson made appropriate revisions to current base revenues to remove any "book-to-bill" ratio adjustments consistent with the recommendation of Staff witness Jane Carpenter in her Direct and Surrebuttal Testimonies.

C. SWEPCO will develop the new base rates, compliance tariffs, and other tariffs to effectuate this Agreement and will file these rates and tariffs as soon as possible, but no later than December 26, 2019 with rates effective for all bills rendered on or after December 30, 2019, so that rates can be effective in the first billing cycle of January 2020.

5. OTHER TARIFF ISSUES:

A. The Settling Parties agree that the Rate Schedule No. 50, Rider FRR tariff included as Attachment 4 should be approved. The agreed-upon Rider FRR reflects compromise positions by the Parties including a revised filing date of April 15, clarifications and limitations regarding updates to the jurisdictional allocators, the provision of information required with the filing, and an effective date of October 15.

B. The Settling Parties agree that the Experimental Curtailable Rider will remain unchanged. SWEPCO agrees to provide a Ratepayer Impact Measure Test (RIM) to the Settling Parties, and the Settling Parties agree that Staff may file a formal application requesting any changes it deems necessary to the Rider. The Settling Parties reserve the right to respond to any application filed by the Staff.

C. The Parties agree that changes to the Energy Cost Recovery (ECR) Rider consistent with the testimony of Staff witness Judy Kay Lindholm should be approved. The updated ECR Rider will be updated in the compliance filing.

6. ADDITIONAL TERMS

A. The capitalized incentives disallowance will be applied as discussed in Order No. 12, Docket No. 19-008-U. Staff's method proposed in this docket will be used to determine the incentives and other benefits disallowance.

B. SWEPCO agrees to retire Knox Lee Units 2 and 3 and Lieberman Unit 2 by June 1, 2020. SWEPCO shall continue to recover all prudent O&M expenses and capital costs associated with the plants in the interim period.

C.

[REDACTED]

D. As part of the Company's Integrated Planning Process (IRP) the Company commits:

- To conducting unit disposition analyses for the Pirkey Power Plant that tests an assumed retirement in 2025, and for Flint Creek Power Plant and Welsh Power Plants with assumed retirements in 2030.
- To the inclusion of any Requests For Proposals (RFP) if any potential capacity shortfall exists during the next five years, results of which

RFP should be included as inputs in IRP modeling of preferred portfolio.

- To share all input files with all signatories of this agreement, subject to any appropriate non-disclosure agreement.

7. RIGHTS OF THE SETTLING PARTIES:

A. This Agreement is made upon the explicit understanding that it constitutes a negotiated settlement which is in the public interest. Nothing herein shall constitute an admission of any claim, defense, rule or interpretation of law, allegation of fact, principle, or method of ratemaking or cost-of-service determination or rate design, or terms or conditions of service, or the application of any rule or interpretation of law, that may underlie, or be perceived to underlie, this Agreement.

B. This Agreement is expressly contingent upon its approval by the Commission without any modification. The various provisions of the Agreement are interdependent and inseverable. The Settling Parties shall cooperate fully in seeking the Commission's approval of the Agreement. The Settling Parties shall not support any alternative proposal or settlement agreement while this Agreement is pending before the Commission.

C. Except as to matters specifically agreed to be done or occur in the future, no party shall be precluded from taking any position on the merits of any issue in any subsequent proceeding in any forum. This Agreement shall not be

used or argued as establishing precedent for any methodology or rate treatment in any future proceeding.

D. In the event the Commission does not accept, adopt, and approve this Agreement in its entirety and without modification, the Settling Parties agree that this Agreement shall be void and of no effect. In that event, however, the Settling Parties agree that: (a) no party shall be bound by any of the provisions or agreements hereby contained; (b) all Settling Parties shall be deemed to have reserved all their respective rights and remedies in this proceeding; and (c) no party shall introduce this Agreement or any related writings, discussions, negotiations, or other communications of any type in any proceeding.

RESPECTFULLY SUBMITTED,

**GENERAL STAFF OF THE ARKANSAS PUBLIC
SERVICE COMMISSION**

BY: /s/ Bridgette Frazier
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**SOUTHWESTERN ELECTRIC POWER
COMPANY**

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**WESTERN ARKANSAS LARGE
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**BOARD OF TRUSTEES OF THE
UNIVERSITY OF ARKANSAS**

By: /s/ Randall Bynum
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that an electronic copy of the foregoing Joint Motion to Approve Settlement Agreement has been served upon all parties of record via the Commission's EFS system on this 23th day of December 2019.

/s/ Stephen K. Cuffman
Stephen K. Cuffman

DOCKET NO. 19-008-U REVISED SETTLEMENT ATTACHMENT 1 (PURSUANT TO ORDER NO. 12)

SOUTHWESTERN ELECTRIC POWER COMPANY
 SETTLEMENT REVENUE REQUIREMENT
 TEST YEAR ENDING DECEMBER 31, 2018
 DOCKET NO. 19-008-U

Revised Attachment 1

Line No.	Description	Arkansas Jurisdiction	Residential	General Service	Lighting & Power	Large Industrial	Municipal	Lighting
1	Adjusted Rate Base	\$ 1,112,519,466	\$ 459,951,023	\$ 128,849,045	\$ 448,302,514	\$ 54,795,763	\$ 5,606,376	\$ 15,014,746
2	Adjusted Operating Revenues							
3	Present Base Rate Revenue	\$ 130,024,562	\$ 54,436,791	\$ 16,430,207	\$ 47,442,958	\$ 6,537,195	\$ 752,258	\$ 4,425,152
4	Other Operating Revenues	23,154,432	9,752,182	2,479,439	8,852,406	1,479,795	112,529	478,081
5	Total Adjusted Operating Revenues	\$ 153,178,994	\$ 64,188,973	\$ 18,909,646	\$ 56,295,364	\$ 8,016,990	\$ 864,787	\$ 4,903,233
6	Adjusted Operating Expenses	\$ 137,376,660	\$ 57,355,686	\$ 16,051,906	\$ 52,747,162	\$ 7,608,500	\$ 707,541	\$ 2,905,864
7	Adjusted Operating Income	\$ 15,802,334	\$ 6,833,287	\$ 2,857,740	\$ 3,548,203	\$ 408,490	\$ 157,246	\$ 1,997,369
8	Current Rate of Return	1.42%	1.49%	2.22%	0.79%	0.75%	2.80%	13.30%
9	Required Rate of Return	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%
10	Required Operating Income	\$ 54,866,462	\$ 22,742,436	\$ 7,700,553	\$ 20,022,131	\$ 1,865,720	\$ 389,560	\$ 2,146,061
11	Operating Income Deficiency	\$ 39,064,128	\$ 15,909,149	\$ 4,842,813	\$ 16,473,928	\$ 1,457,231	\$ 232,315	\$ 148,693
12	Base Rate Revenue Deficiency	\$ 52,795,194	\$ 21,500,191	\$ 6,544,848	\$ 22,269,677	\$ 1,968,272	\$ 313,988	\$ 198,218
13	Rate Schedule - Base Rate Revenue Requirement (line 3 and 12)	\$ 182,819,756	\$ 75,936,982	\$ 22,975,055	\$ 69,712,635	\$ 8,505,467	\$ 1,066,246	\$ 4,623,370
14	Arkansas Retail Total Base Rate Cost of Service (line 5 and 12)	\$ 205,974,188	\$ 85,689,164	\$ 25,454,494	\$ 78,565,041	\$ 9,985,262	\$ 1,178,775	\$ 5,101,451
15	Rate Schedule - Fuel Revenues @ Present Rates	\$ 121,919,677	\$ 36,976,620	\$ 12,357,949	\$ 57,924,714	\$ 12,773,063	\$ 655,003	\$ 1,232,328
16	Rate Schedule - Other Riders @ Present Rates	\$ 11,978,535	\$ 5,623,083	\$ 1,630,836	\$ 4,506,415	\$ -	\$ 86,677	\$ 131,524
17	Total Arkansas Retail Revenue Requirement (lines 14-16)	\$ 339,872,400	\$ 128,288,867	\$ 39,443,279	\$ 140,996,170	\$ 22,758,325	\$ 1,920,455	\$ 6,465,303
18	Base Rate Revenue Deficiency	\$ 52,795,194						
19	Rider Revenue consumed in Base Rates	\$ 28,884,122						
20	Net Base Rate Revenue Deficiency	\$ 23,911,072						

DOCKET NO. 19-008-U SETTLEMENT ATTACHMENT 2

SOUTHWESTERN ELECTRIC POWER COMPANY
 DOCKET NO. 19-008-U
 DIRECT EXHIBITS OF GERRILYNN WOLFE

SURREBUTTAL EXHIBIT GW-1
 Page 1 of 4

STAFF RECOMMENDED DEPRECIATION RATES

<u>Account</u>	<u>Description</u>	<u>Depreciation Rate</u>
<u>INTANGIBLE PLANT</u>		
303	Miscellaneous Intangible Plant-Software	12.68%
<u>PRODUCTION PLANT</u>		
<u>STEAM PRODUCTION PLANT</u>		
<u>Gas & Oil Plants</u>		
ARSENAL HILL		
311.3	Structures & Improvements	3.15%
312.3	Boiler Plant Equipment	4.19%
314.3	Turbogenerator Units	3.74%
315.3	Accessory Electrical Equipment	7.97%
316.3	Misc. Power Plant Equip. Oil-Gas	7.60%
317.3	ARO Steam Prod Plt Oil/Gas	3.32%
KNOX LEE		
311.3	Structures & Improvements	2.49%
312.3	Boiler Plant Equipment	2.89%
314.3	Turbogenerator Units	2.93%
315.3	Accessory Electrical Equipment	3.92%
316.3	Misc. Power Plant Equip.	2.85%
317.3	ARO Steam Prod Plt Oil/Gas	2.88%
LIEBERMAN		
311.3	Structures & Improvements	1.47%
312.3	Boiler Plant Equipment	1.97%
314.3	Turbogenerator Units	2.54%
315.3	Accessory Electrical Equipment	8.08%
316.3	Misc. Power Plant Equip.	6.32%
317.3	ARO Steam Prod Plt Oil/Gas	6.26%
LONE STAR		
311.3	Structures & Improvements	30.21%
312.3	Boiler Plant Equipment	40.58%
314.3	Turbogenerator Units	30.25%
315.3	Accessory Electrical Equipment	49.55%
316.3	Misc. Power Plant Equip.	57.87%
317.3	ARO Steam Prod Plt Oil/Gas	6.22%
WILKES		
311.3	Structures & Improvements	1.20%
312.3	Boiler Plant Equipment	2.69%
314.3	Turbogenerator Units	2.16%

DOCKET NO. 19-008-U SETTLEMENT ATTACHMENT 2

SOUTHWESTERN ELECTRIC POWER COMPANY
 DOCKET NO. 19-008-U
 DIRECT EXHIBITS OF GERRILYNN WOLFE

SURREBUTTAL EXHIBIT GW-1
 Page 2 of 4

STAFF RECOMMENDED DEPRECIATION RATES

<u>Account</u>	<u>Description</u>	<u>Depreciation Rate</u>
315.3	Accessory Electrical Equipment	4.15%
316.3	Misc. Power Plant Equip.	4.72%
317.3	ARO Steam Prod Plt Oil/Gas	5.25%
STALL		
311.3	Structures & Improvements	2.56%
312.3	Boiler Plant Equipment	3.04%
314.3	Turbogenerator Units	3.21%
315.3	Accessory Electrical Equipment	3.06%
316.3	Misc. Power Plant Equip.	2.84%
317.3	ARO Steam Prod Plt Oil/Gas	0.00%
<u>Coal and Lignite Plants</u>		
DOLET HILLS		
311.0	Structures & Improvements	0.84%
312.0	Boiler Plant Equipment	1.91%
314.0	Turbogenerator Units	1.29%
315.0	Accessory Electrical Equipment	1.18%
316.0	Misc. Power Plant Equip.	1.25%
317.0	ARO Steam Prod Plt Coal/Lignite	2.67%
FLINT CREEK		
311.0	Structures & Improvements	2.13%
312.0	Boiler Plant Equipment	4.25%
314.0	Turbogenerator Units	2.19%
315.0	Accessory Electrical Equipment	2.44%
316.0	Misc. Power Plant Equip.	2.34%
317.0	ARO Steam Prod Plt Coal/Lignite	4.12%
PIRKEY		
311.0	Structures & Improvements	0.66%
312.0	Boiler Plant Equipment	1.70%
314.0	Turbogenerator Units	0.61%
315.0	Accessory Electrical Equipment	1.38%
316.0	Misc. Power Plant Equip.	0.99%
317.0	ARO Steam Prod Plt Coal/Lignite	3.23%
WELSH		
311.0	Structures & Improvements	2.18%
312.0	Boiler Plant Equipment	3.39%
314.0	Turbogenerator Units	2.89%
315.0	Accessory Electrical Equipment	2.98%
316.0	Misc. Power Plant Equip.	1.67%
317.0	ARO Steam Prod Plt Coal/Lignite	3.56%

DOCKET NO. 19-008-U SETTLEMENT ATTACHMENT 2

SOUTHWESTERN ELECTRIC POWER COMPANY
DOCKET NO. 19-008-U
DIRECT EXHIBITS OF GERRILYNN WOLFE

SURREBUTTAL EXHIBIT GW-1
Page 3 of 4

STAFF RECOMMENDED DEPRECIATION RATES

<u>Account</u>	<u>Description</u>	<u>Depreciation Rate</u>
RAIL CARS		
312.11	Rail Cars - Flint Creek	2.74%
312.11	Rail Cars - Welsh Plant	2.14%
<u>Other Production Plant</u>		
MATTISON		
341.0	Structures & Improvements	2.96%
344.0	Generators	2.97%
345.0	Accessory Electrical Equip.	2.98%
346.0	Misc Power Plant Equip	3.28%
<u>TRANSMISSION PLANT</u>		
350.1	Land Rights	1.47%
352.0	Structures & Improvements	1.28%
353.0	Station Equipment (c)	1.47%
354.0	Towers & Fixtures	2.09%
355.0	Poles & Fixtures	3.44%
356.0	OH Conductor & Devices	1.85%
356.16	OVH Cond-Dev-Smart Grid	2.39%
357.0	Underground Conduit	1.98%
358.0	Underground Conductor & Devices	1.28%
358.16	Ug Cond-Dev-Smart Grid	2.03%
359.0	Roads and Trails	0.80%
<u>DISTRIBUTION PLANT</u>		
360.1	Land Rights	1.42%
361.0	Structures & Improvements	1.44%
362.0	Station Equipment	1.63%
364.0	Poles, Towers, & Fixtures	2.76%
365.0	Overhead Conductor & Devices	3.13%
366.0	Underground Conduit	1.58%
367.0	Underground Conductor	2.38%
368.0	Line Transformers	2.25%
369.0	Services	2.77%
370.0	Meters	4.79%
371.0	Installations on Custs. Prem.	4.65%
373.0	Street Lighting & Signal Sys.	2.82%

DOCKET NO. 19-008-U SETTLEMENT ATTACHMENT 2

SOUTHWESTERN ELECTRIC POWER COMPANY
 DOCKET NO. 19-008-U
 DIRECT EXHIBITS OF GERRILYNN WOLFE

SURREBUTTAL EXHIBIT GW-1
 Page 4 of 4

STAFF RECOMMENDED DEPRECIATION RATES

<u>Account</u>	<u>Description</u>	<u>Depreciation Rate</u>
<u>GENERAL PLANT</u>		
390.0	Structures & Improvements	1.54%
391.0	Office Furniture & Equipment	3.33%
391.11	Office Equipment - Computers	14.29%
392.0	Transportation Equipment	5.00%
393.0	Stores Equipment	3.33%
394.0	Tools Shop & Garage Equipment	2.86%
395.0	Laboratory Equipment	2.86%
396.0	Power Operated Equipment	5.00%
397.0	Communication Equipment	5.00%
397.11	Communication Equipment	5.00%
397.12	Communication Equipment	5.00%
397.13	Communication Equipment	5.00%
398.0	Miscellaneous Equipment	5.00%
399.19	ARO - Office Bldgs.	1.71%
399.3	Alliance Rail Facility	1.32%

Southwestern Electric Power Company

Settlement Residential Rate Design

Residential Service 015 038 062	Present Price	Proposed Price
Customer Charge	\$7.75	\$10.00
May-September		
0-1,500 kWh	\$0.0442	\$0.0626
over 1,500 kWh	\$0.0534	\$0.0746
October-April		
all kWh	\$0.0358	\$0.0502
April 2019 Fuel Rider ECR	\$0.035125	\$0.035125
GR	\$0.002710	\$0.000000
ECS	\$0.004490	\$0.000000
Rider EECR less LCFC estimate	\$0.007620	\$0.004930

Typical Bill RS 1,000 Customer		
Annual Average Base Rate	\$47.05	\$65.37
April 2019 Fuel Rider ECR	\$35.13	\$35.13
GR	\$2.71	\$0.00
ECS	\$4.49	\$0.00
Rider EECR less LCFC estimate	\$7.62	\$4.93
Total Annual Average Typical Bill	\$97.00	\$105.42
Total Bill \$ Change		\$8.43
Total Bill % Change		8.69%

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No. R-50.1	Sheet 1 of 24 Including Attachments
Replacing:	Sheet No.	
Name of Company SOUTHWESTERN ELECTRIC POWER COMPANY		
Kind of Service: Electric	Class of Service: All	
Part III. Rate Schedule No. 50		
Title: FORMULA RATE REVIEW (FRR) RIDER		
		PSC File Mark Only

REGULATORY AUTHORITY

The Arkansas General Assembly has delegated authority to the Arkansas Public Service Commission (“APSC” or the “Commission”) to regulate public utilities in the State of Arkansas, including Southwestern Electric Power Company (“SWEPCO” or the “Company”). The Arkansas General Assembly has enacted the Formula Rate Review Act (“FRRA”), Ark. Code Ann. §§ 23-4-1201 *et seq.*, which authorizes the use of this Formula Rate Review (“FRR”) tariff (“Rider FRR”).

PURPOSE AND CONSTRUCTION

The FRR defines the procedure by which all rates and applicable riders (Rate Schedules) on file with the APSC, except those excluded in Attachment A-1 to this FRR, may be periodically adjusted. The FRR shall apply to all electric service billed under the Rate Schedules, whether metered or unmetered.

The intent of this Rider FRR is to implement SWEPCO’s election to have its rates regulated under a formula rate review mechanism as authorized by the FRRA. Except as provided in the definitions below, in the event of a conflict between this Rider FRR and the FRRA, the FRRA shall control.

DEFINITIONS

As used in this Rider FRR:

“Benchmark Rate of Return on Rate Base” means the composite weighted, embedded cost of capital reflecting SWEPCO’s annual costs of long-term debt, common equity, and other capital components as of the end of the Test Period.

“Compliance Cost of Service Study” means the cost of service study that supports the final approved rates, allocation methodologies, and allocation factors approved by final order in Docket No. 19-008-U.

“Earned Rate of Return” means SWEPCO’s return on common equity calculated by dividing the weighted earned common equity rate by the common equity ratio percentage.

“Evaluation Report” means the information required by the Commission in support of a Formal Application for an annual FRR filing, including all Rider FRR Schedules, Filing Requirements, and Adjustments with supporting workpapers as set forth under the terms of this Rider FRR.

“Formula Rate Review Protocols” means the protocols provided in Attachment E and includes the Rider FRR general provisions and filing requirements for the Annual Evaluation Report.

“Prior Year” means the 12 months preceding the Test Period.

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No. R-50.2	Sheet 2 of 24 Including Attachments
Replacing:	Sheet No.	
Name of Company SOUTHWESTERN ELECTRIC POWER COMPANY		
Kind of Service: Electric	Class of Service: All	
Part III. Rate Schedule No. 50		
Title: FORMULA RATE REVIEW (FRR) RIDER		
		PSC File Mark Only

“Rate Adjustment” means the change in rates resulting from an annual formula rate review under the FRRR as reflected in Attachment A-1 to the Evaluation Report.

“Recovery Period” means the twelve (12) consecutive monthly billing cycles beginning with the October billing cycle after the Evaluation Report is filed.

“Target Return Rate” means the target rate of return as defined in Arkansas Code § 23-4-1203.

“Test Period” means the twelve (12) consecutive calendar months ending on December 31 that precede the filing of SWEPCO’S Evaluation Report.

ANNUAL FILING AND REVIEW

ANNUAL FILING

On or about April 15, 2021 and on or about April 15 of each subsequent year during the term of Rider FRR, SWEPCO shall file a report an Evaluation Report with the Commission containing an evaluation of the Company’s earnings pursuant to this Rider FRR for the Test Period.

EFFECTIVE DATE

The Commission approved Rate Adjustment shall be effective on and after October 15 after the Evaluation Report is filed.

REVIEW PERIOD

The Parties shall file a statement of error(s) or objection(s) and supporting Testimony with or without Exhibits at least 90 days before the date on which the Rate Adjustment becomes effective. The Company shall have fifteen (15) days to review the statement of error(s) or objection(s), to work with the Parties to resolve any differences, and to address the error(s) and objection(s) raised by the Parties by filing either a corrected Attachment A-1 or Rebuttal Testimony with or without Exhibits.

HEARING AND APPROVAL OF RATE ADJUSTMENT

Following a hearing at least fifty (50) days before the date on which the Rate Adjustment shall become effective, unless waived by SWEPCO and the Parties, the Commission shall issue a final order in which it resolves any issues in dispute and approves the Rate Adjustment at least twenty (20) days before the date on which the Rate Adjustment shall become effective. If a final order is not issued by such date, the initially filed or revised Rate Adjustment shall become

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No. R-50.3	Sheet 3 of 24 Including Attachments
Replacing:	Sheet No.	
Name of Company SOUTHWESTERN ELECTRIC POWER COMPANY		
Kind of Service: Electric	Class of Service: All	
Part III. Rate Schedule No. 50		
Title: FORMULA RATE REVIEW (FRR) RIDER		
		PSC File Mark Only

effective for bills rendered on and after October 15, subject to refund, and shall remain in effect until changed by final order of the Commission.

If the Commission's final ruling on any disputed issues requires changes to the Rate Adjustment, the Company shall file a revised Attachment A-1 containing such further modified Rate Adjustment within five (5) days after receiving the Commission's order resolving the disputed issues. The Parties shall have three (3) days to review the revised Attachment A-1. The revised Attachment A-1 shall be implemented as ordered by the Commission.

RIDER FRR BANDWIDTH CALCULATION

The Total Rider FRR Revenue level shall be adjusted in the Rider FRR based on a comparison of the Earned Rate of Return ("ERR") to the Target Rate of Return ("TRR") calculated using the following formula:

- If the ERR is less than the TRR minus five-tenths percent (0.50%), the total Rider FRR Revenue level shall be increased by the amount necessary to increase the ERR to the TRR.
- If the ERR is greater than the TRR plus five-tenths percent (0.50%), the total Rider FRR Revenue level shall be decreased by the amount necessary to decrease the ERR to the TRR.

There shall be no change to the Rider FRR Revenue level if the ERR is less than or equal to the TRR plus five-tenths percent (0.50%), and greater than or equal to the TRR minus five-tenths percent (0.50%).

RIDER FRR REVENUE ALLOCATION

The total change in the formula rate revenue level shall be allocated to each applicable rate class based on an equal percentage of the base rate revenue used in the development of rates approved by the Commission in Docket No. 19-008-U. The total amount of such revenue increase or decrease for each rate class shall not exceed four percent (4%) of the revenue for each rate class for the Prior Year.

TERM

The initial term of the Rider FRR shall not exceed five (5) years from the date of the Commission's final order in Docket No. 19-008-U. If SWEPCO requests an extension of Rider FRR, SWEPCO shall make such request in accordance with the Extension of Term provisions of the Formula Rate Protocols. SWEPCO will provide a full cost of service study upon any Extension of Term, or End of Term, in accordance with provisions of the Formula Rate Protocols. If Rider FRR is not extended, the then-existing total Rider FRR rates shall continue to be in effect until new base rates are duly approved and implemented.

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No. R-50.4	Sheet 4 of 24 Including Attachments
Replacing:	Sheet No.	
Name of Company SOUTHWESTERN ELECTRIC POWER COMPANY		
Kind of Service: Electric	Class of Service: All	
Part III. Rate Schedule No. 50		
Title: FORMULA RATE REVIEW (FRR) RIDER		
		PSC File Mark Only

INDEX OF ATTACHMENTS

Attachment	Description
A-1	Rider FRR Rate Adjustment (Rate Adjustment).
A-2	Rider FRR Revenue Change
B-1	Earned Rate of Return ("ERR") on Common Equity.
B-2	Rate Base
B-3	Operating Income
B-4	Income Tax
B-5	Benchmark Rate of Return on Rate Base
B-6	Revenue Redetermination Formula
C	Rider FRR Adjustments
D	Rider FRR Filing Requirements
E	Formula Rate Review Protocols

Attachment A-1**Formula Rate Review Rate Adjustment**

All retail base rates and applicable riders on file with the APSC will be increased or decreased by a percentage of base revenues listed below, except those specifically excluded below:

Rate Class	FRR Rider Rate (%)
Residential	XX.XXXX%
General Service	XX.XXXX%
Lighting and Power	XX.XXXX%
Large Industrial	XX.XXXX%
Municipal	XX.XXXX%
Lighting	XX.XXXX%

*Excluded Schedules:	Tax Adjustment Rider	R-25.1
	Municipal Tax Rates	R-26.1
	Energy Cost Recovery Rider	R-27.1
	Charges for Special or Additional Facilities	R-29.1
	Charges Related to Customer Activity	R-31.1
	Energy Efficiency Cost Recovery Rider	R-45.1
	Federal Litigation Consulting Fee Rider	R-46.1
	Federal Tax Cut Adjustment Rider	R-49.1

*Note: SWEPCO is not presently seeking to recover any costs through either an Act 310 Rider or the Clean Energy Development Act, and thus no Schedule for such is included at this time. SWEPCO acknowledges that there are presently pending cases before the APSC wherein the issue of a regulated utility's right to seek recovery of Act 310 and Clean Energy Development costs outside of that utility's filed FRR may be ruled upon. Therefore, SWEPCO reserves its right to seek recovery on any Act 310 or Clean Energy Development projects completed after the date of implementation of its Rider FRR, subject to any Commission rulings or other changes in law that may occur.

Special Rate Contracts: Special Contracted Rates shall be included or excluded pursuant to the terms of the Special Rate Contract.

Attachment A-2
FRR Rider Revenue Change

Line No.	Description	Total	Residential	General Service	Lighting & Power	Large Industrial	Municipal	Lighting
A	B	C	D	E	F	G	H	I
1	Base Rate Revenues: Docket No. 19-008-U	\$	\$	\$	\$	\$	\$	\$
2	Rate Class* Allocation: (Percent of total calculated from L1)	%	%	%	%	%	%	%
3	<u>Rider FRR Constraint Calculation [1]</u>							
4	Total Prior Year Retail Revenues by Rate Class							
5	Rider FRR Revenue Change = $\pm 4\%$ per Rate Class		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
6	+Upper Rider FRR Revenue Constraint		-	-	-	-	-	-
7	-Lower Rider FRR Revenue Constraint		-	-	-	-	-	-
8	<u>Calculated Rider FRR Increase [2]</u>							
9	ROE Bandwidth Rate Adjustment (B-6, L10 * L2)	\$	\$	\$	\$	\$	\$	\$
10	<u>Total Change in Rider FRR Revenue [3]</u>							
	Maximum Inc/Dec in Rider FRR Revenue calculated on L9 bounded by the constraint defined on L6 and L7.							
11		\$	\$	\$	\$	\$	\$	\$
12	Prior Year's Approved Cumulative Rider FRR Revenue [4]	\$	\$	\$	\$	\$	\$	\$
13	Cumulative Total Rider FRR Revenue (L11+L12)	\$	\$	\$	\$	\$	\$	\$
14	<u>Rider FRR Rate Development Calculation [5]</u>							
15	Test Period Applicable Base Rate Revenue (B-3, L2)	\$	\$	\$	\$	\$	\$	\$
16	<u>Rate Change (L13 \div L15)</u>	%	%	%	%	%	%	%
17	For Informational Purposes Only							
18	Incremental Rider FRR Base Rate Change Required (L9 \div (L1+L13))	%	%	%	%	%	%	%
19	Incremental Rider FRR Base Rate Change Allowed (L11 \div (L1+L13))	%	%	%	%	%	%	%

Attachment A-2 (Continued)**FRR Rider Revenue Change****NOTES:**

- [1] The Rider FRR Constraint Calculation determines the limit of the Rider FRR Revenue increase/decrease per rate class, which shall not exceed four percent (4%) of Total Unadjusted Prior Year Retail Revenues.
- [2] The Rider FRR Revenue Calculation takes the Test Period Rate Change in Rider FRR Revenue (B-6, L10) and allocates the amount to each rate class based on the class allocation approved by the Commission in Docket No. 19-008-U listed on Line 2.
- [3] The Cumulative Rider FRR Revenue calculation adjusts the Rider FRR Revenue determined on Line 9 to be within the limits of the Rider FRR Constraint Calculation and adds the previously approved Rider FRR Revenues to calculate the Cumulative total Rider FRR Revenue.
- [4] The previously approved Rider FRR Revenue in the filing year of 2021 will be zero (\$0). In subsequent filings, the value shall be the previously approved Rider FRR Revenue.
- [5] The Rider FRR Rate Development Calculation determines the percent increase/decrease that will be applied to all base rate components not listed as an excluded schedule on Attachment A-1. The percent increase/decrease is calculated by taking the Cumulative Total Rider FRR Revenue listed on Line 13 and dividing it by the Test Period Applicable Base Rate Revenues listed on Line 15.
- * The applicable rate classes are defined as:
- Residential (Residential Service and Electric Heating Appliance Residential Service)
 - General Service
 - Lighting and Power (L&P Secondary, L&P Primary, Lg L&P Primary, L&P Primary Curtailable, L&P Secondary TOU, and L&P Primary TOU)
 - Large Industrial (Large Lighting and Power and Pulp and Paper Mill Service)
 - Municipal (Municipal Pumping and Municipal Service)
 - Lighting (Municipal Street Lighting, Municipal Street Lighting & Parkway Lighting, Municipal Street & Parkway Lighting, Public Street and Highway Lighting, Public Street and Highway Lighting - Energy Only, Private Lighting, Area Lighting, and Outdoor Lighting).

Attachment B-1

**SOUTHWESTERN ELECTRIC POWER COMPANY
FORMULA RATE REVIEW
EARNED RATE OF RETURN ON COMMON EQUITY FORMULA
Test Period Ending MM/DD/YYYY**

LINE NO	(1) DESCRIPTION	(2) SOURCE	(3) AMOUNT
ARKANSAS RETAIL			
1	RATE BASE	B-2, Line 14, Col. 5	\$
2	BENCHMARK RATE OF RETURN ON RATE BASE	B-5, L 11, Col. 5	<u>%</u>
3	REQUIRED OPERATING INCOME	Line 1 * Line 2	\$
4	NET UTILITY OPERATING INCOME	B-3, Line 32, Col. 5	<u>\$</u>
5	OPERATING INCOME DEFICIENCY/(EXCESS)	Line 3 - Line 4	\$
6	REVENUE CONVERSION FACTOR	Note [1]	<u>#</u>
7	REVENUE DEFICIENCY/(EXCESS)	Line 5 * Line 6	\$
8	PRESENT RETAIL BASE RATE REVENUES	B-3, L 2, Col. 5	<u>\$</u>
9	REVENUE REQUIREMENT	Line 7 + Line 8	\$
10	COMMON EQUITY DEFICIENCY/ (EXCESS) (%)	L7/L6/L1	%
11	WEIGHTED TEST PERIOD RATE OF RETURN ON COMMON EQUITY (%)	B-5, L 2, Col. 5	%
12	WEIGHTED CALCULATED COMMON EQUITY RATE (%)	Line 11 - Line 10	%
13	COMMON EQUITY RATIO (%)	B-5, Line 2, Col. 3	%
14	EARNED RATE OF RETURN ON COMMON EQUITY (%)	L 12 / L 13	%

Note:

[1] Revenue Conversion Factor shall be developed using the following formula:

$$1 / [(1 - \text{Composite Tax Rate}) * (1 - \text{AR Retail Uncollectibles Ratio} + \text{AR Retail Forfeited Discounts Ratio})]$$

AR Retail Uncollectibles Ratio = Total AR Retail Net Write-offs/ Total AR Retail Operating Revenue
AR Retail Forfeited Discounts Ratio = Total AR Retail Forfeited Discounts Revenue/ Total AR Retail Operating Revenue.

DOCKET NO. 19-008-U SETTLEMENT ATTACHMENT 4

APSC FILED Time: 12/26/2019 8:20:40 AM: Recvd 12/26/2019 8:17:37 AM: Docket 19-008-U Doc. 897

Docket No. 19-008-U Order No. XX

Effective: XX/XX/20XX

Rate Schedule No. R50: RIDER FRR Sheet No. Page 9 of 24

Attachment B-2

**RATE BASE
Test Period Ending MM/DD/YYYY**

LINE NO	(1) DESCRIPTION	(2) TOTAL CO PER BOOKS	(3) TOTAL CO ADJUSTMENTS [1]	(4) TOTAL CO ADJUSTED AMOUNT	(5) ARKANSAS ADJUSTED AMOUNT [2]
1	PLANT IN SERVICE				
2	Gross PIS Ending Balance [1]	\$	\$	\$	\$
3	ACCUMULATED DEPRECIATION				
4	Accumulated Depreciation Ending Balance [1]	\$	\$	\$	\$
5	NET UTILITY PLANT (L2+L4)	\$	\$	\$	\$
6	PLANT HELD FOR FUTURE USE	\$	\$	\$	\$
7	WORKING CAPITAL ASSETS [3]	\$	\$	\$	\$
8	MATERIALS AND SUPPLIES	\$	\$	\$	\$
9	PREPAYMENTS	\$	\$	\$	\$
10	FUEL INVENTORY	\$	\$	\$	\$
11	WORKING CASH	\$	\$	\$	\$
12	TOTAL WORKING CAPITAL ASSETS	\$	\$	\$	\$
13	OTHER				
14	TOTAL RATE BASE (L5+L6+L12+13)	\$	\$	\$	\$

Notes:

- [1] Adjustments as set forth in Rider FRR Attachment C-IIA.
- [2] Arkansas Retail Jurisdictional Rate Base as determined by using the Compliance Cost of Service Study approved in Docket No. 19-008-U.
- [3] As set forth in Attachment C, II-A-2.

DOCKET NO. 19-008-U SETTLEMENT ATTACHMENT 4

APSC FILED Time: 12/26/2019 8:20:40 AM: Recvd 12/26/2019 8:17:37 AM: Docket 19-008-U Doc. 897

Docket No. 19-008-U Order No. XX

Effective: XX/XX/20XX

Rate Schedule No. R50: RIDER FRR Sheet No. Page 10 of 24

Attachment B-3

OPERATING INCOME
Test Period Ending MM/DD/YYYY

LINE NO	(1) DESCRIPTION	(2) TOTAL CO PERBOOKS	(3) TOTAL CO ADJ [1]	(4) TOTAL CO ADJ AMOUNT	(5) ARKANSAS ADJUSTED AMOUNT [4]
REVENUES					
1	SALES TO ULTIMATE CUSTOMERS				
2	APSC Retail	\$	\$	\$	\$
3	Other Retail	\$	\$	\$	\$
4	TOTAL (Sum of L2 to L3)				
5	SALES FOR RESALE	\$	\$	\$	\$
6	SYSTEM SALES	\$	\$	\$	\$
7	OTHER ELECTRIC REVENUE	\$	\$	\$	\$
8	Total Operating Revenues (L4+L5+L6+L7)	\$	\$	\$	\$
EXPENSES					
9	OPERATION & MAINTENANCE				
10	PRODUCTION	\$	\$	\$	\$
11	TRANSMISSION	\$	\$	\$	\$
12	REGIONAL MARKET	\$	\$	\$	\$
13	DISTRIBUTION	\$	\$	\$	\$
14	CUSTOMER ACCOUNTING	\$	\$	\$	\$
15	CUSTOMER SERVICE & INFORMATION	\$	\$	\$	\$
16	SALES	\$	\$	\$	\$
17	ADMINISTRATIVE & GENERAL	\$	\$	\$	\$
18	TOTAL O & M EXPENSE (Sum of L10 thru L17)	\$	\$	\$	\$
19	GAIN FROM DISPOSITION OF PLANT/ALLOW	\$	\$	\$	\$
20	AMORITIZATION REG DEBITS AND CREDITS	\$	\$	\$	\$
21	DEPRECIATION & AMORTIZATIONEXPENSE	\$	\$	\$	\$
22	ACCRETION EXPENSE	\$	\$	\$	\$
23	AMORTIZATION OF PLANT ACQUISITION ADJ	\$	\$	\$	\$
24	FACTORING EXPENSE	\$	\$	\$	\$
25	OTHER CREDIT FEES	\$	\$	\$	\$
26	TAXES OTHER THAN INCOME	\$	\$	\$	\$
27	STATE INCOME TAX [2]	\$	\$	\$	\$
28	FEDERAL INCOME TAX [2]	\$	\$	\$	\$
29	INVESTMENT TAX CREDIT [3]	\$	\$	\$	\$
30	OTHER	\$	\$	\$	\$
31	TOTAL OPERATING EXP (Sum of L18 to L30)	\$	\$	\$	\$
32	NET UTILITY OPERATING INCOME (L8 - L31)	\$	\$	\$	\$

Notes:

- [1] Adjustments as set forth in Rider FRR Attachment C-11B.
- [2] Reference Attachment B-4. See also Attachment D, Filing Requirement Item No. 5, MFR C-11 for additional support.
- [3] See Supporting schedule of calculation of adjustments and descriptions. See Attachment D, Filing Requirement Item No. 5, MFR C-9.
- [4] Arkansas Retail Jurisdictional Operating Income as determined by using the Compliance Cost of Service Study approved in Docket No. 19-008-U.

Attachment B-4

INCOME TAX EXPENSE
Test Period Ending MM/DD/YYYY

LINE NO	(1) DESCRIPTION	(2) TOTAL CO PER BOOKS	(3) TOTAL CO ADJ [1]	(4) TOTAL CO ADJ AMOUNT	(5) ARKANSAS ADJ ACCOUNT [4]
1	TOTAL OPERATING REVENUES	\$	\$	\$	\$
2	TOTAL O&M EXPENSE	\$	\$	\$	\$
3	GAIN FROM DISPOSITION OF PLANT/ALLOWANCES	\$	\$	\$	\$
4	REGULATORY DEBITS & CREDITS	\$	\$	\$	\$
5	DEPRECIATION AND AMORTIZATION EXPENSE	\$	\$	\$	\$
6	ACCRETION EXPENSE	\$	\$	\$	\$
7	AMORTIZATION OF PLANT ACQUISITION ADJ	\$	\$	\$	\$
8	FACTORING EXPENSE	\$	\$	\$	\$
9	OTHER CREDIT FEES	\$	\$	\$	\$
10	TAXES OTHER THAN INCOME	\$	\$	\$	\$
11	OTHER	\$	\$	\$	\$
12	INTEREST EXPENSE [2]	\$	\$	\$	\$
13	NET INCOME BEFORE INCOME TAXES (L1-Sum(L2-L12))			\$	\$
14	ADJUSTMENTS TO NET INCOME BEFORE TAXES [3]	\$	\$	\$	\$
15	TAXABLE INCOME (L12 + L14)	\$	\$	\$	\$
COMPUTATION OF STATE INCOME TAX					
16	TAXABLE INCOME (L15)	\$	\$	\$	\$
17	STATE ADJUSTMENTS [3]	\$	\$	\$	\$
18	STATE TAXABLE INCOME (L16 + L17)	\$	\$	\$	\$
19	STATE INCOME TAX BEFORE ADJ'S (L18 * Tax Rate) [1]	\$	\$	\$	\$
20	ADJUSTMENTS TO STATE TAX [3]	\$	\$	\$	\$
21	STATE INCOME TAX (L19 + L20)	\$	\$	\$	\$
COMPUTATION OF FEDERAL INCOME TAX					
22	TAXABLE INCOME (L15)	\$	\$	\$	\$
23	STATE INCOME TAX BEFORE ADJUSTMENTS (L19)	\$	\$	\$	\$
24	FEDERAL ADJUSTMENTS [3]	\$	\$	\$	\$
25	TOTAL FEDERAL TAXABLE INCOME (L22 - L23 + L24)	\$	\$	\$	\$
26	FEDERAL INCOME TAX BEFORE ADJUSTMENTS (L25 * Tax Rate) [1]	\$	\$	\$	\$
27	ADJUSTMENTS TO FEDERAL TAX [3]	\$	\$	\$	\$
28	FEDERAL INCOME TAX (L26 + L27)	\$	\$	\$	\$

Notes:

- [1] Adjustments and applicable tax rate as set forth in Rider FRR Attachment C.
- [2] Interest Expense is Weighted Cost of Debt (COD) Rate as derived from COD elements reflected in Attachment B-5 times Rate Base per Attachment B-2.
- [3] List all adjustments including descriptions in a supporting schedule. See Filing Requirement Item No. 5, MFR C-11 for additional support.
- [4] Arkansas Retail Jurisdictional Income Tax Expense as determined by using the Compliance Cost Of Service Study approved in Docket No. 19-008-U.

Attachment B-5**BENCHMARK RATE OF RETURN OF RATE BASE**
Test Period Ending MM/DD/YYYY

LINE NO	DESCRIPTION	(1)	(2)	(3)	(4)	(5)
			CAPITAL AMOUNT (\$ [1])	CAPITAL RATIO (%) [2]	COST RATE (%) [3]	BENCHMARK RATE OF RETURN ON RATE BASE [4]
1	Long-Term Debt		\$	%	%	%
2	Common Equity		\$	%	9.45	%
3	Accumulated Deferred Income Taxes (ADIT)		\$	%	%	%
4	Post-1970 ADITC – LT Debt		\$	%	%	%
5	Post-1970 ADITC – ST Debt		\$	%	%	%
6	Post-1970 ADITC - Equity		\$	%	%	%
7	Customer Deposits		\$	%	%	%
8	Short-Term/Interim Debt		\$	%	%	%
9	Current Accrued, and Other Liabilities (CAOL)		\$	%	%	%
10	Other Capital Items		\$	%	%	%
11	Total		\$	%		%

Notes:

- [1] See Attachment C, Section C, *Benchmark Rate of Return on Rate Base*, for instructions on Capital Amounts.
- [2] Capital amounts each divided by the Total Capital Amount.
- [3] See Attachment C, Section C *Benchmark Rate of Return on Rate Base*, for instructions on cost rates.
- [4] The components in Column (5) are the corresponding Cost Rates multiplied by the associated Capital Ratio.

Attachment B-6

RIDER FRR REVENUE REDETERMINATION FORMULA Test Period Ending MM/DD/YYYY

<u>SECTION 1</u>			
<u>BANDWIDTH DEVELOPMENT</u>			
	<u>DESCRIPTION</u>	<u>SOURCE</u>	
1	Earned Rate of Return on Common Equity ("ERR") [1]	B-1, L 14, Col 3	%
2	Target Return Rate ("TRR") [2]	B-5, L 2, Col 4	9.45
3	Upper Bandwidth Limit	Line 2 + 0.50%	9.95
4	Lower Bandwidth Limit	Line 2 - 0.50%	8.95
5	ROE Adjustment	If L1 < L4, then L2 - L1; If L1 > L3, then L2 - L1, but no adjustment if L1 ≥ L4 and L1 ≤ L3	%

<u>SECTION 2</u>			
<u>ROE BANDWIDTH RATE ADJUSTMENT</u>			
	<u>DESCRIPTION</u>	<u>REFERENCE</u>	
6	ROE Adjustment	per Line 5	%
7	Common Equity Capital Ratio	B-5, L 2, Col. 3	%
8	Retail Rate Base	B-1, L 1, Col. 3	\$
9	Revenue Conversion Factor	B-1, L 6, Col. 3	#
10	Total Rate Change in Rider FRR Revenue	L6 * L7 * L8 * L9	\$

Notes:

[1] The ERR is the Earned Rate of Return on Common Equity, calculated by dividing the weighted earned common equity rate by the common equity ratio percentage.

[2] The TRR is the Company's cost rate for common equity as established by the Commission in Docket No. 19-008-U, which is 9.45%.

Attachment C

Southwestern Electric Power Company

FORMULA RATE REVIEW GENERAL INSTRUCTIONS AND ADJUSTMENTS

The actual (per book) data for each Test Period reflected in Attachment B shall be adjusted to reflect the following specific ratemaking adjustments to rate base, operating income, and rate of return:

I. General Instructions

- A. SWEPCO shall not record a regulatory asset or a regulatory liability representing the amount by which a Rider FRR increase or decrease, absent the operation of the 4 percent cap, exceeds the actual Rider FRR increase or decrease that is implemented pursuant to the operation of this tariff.
- B. No adjustment shall be made in the Rider FRR Test Period to annualize or normalize any expense.
- C. During the term of the Rider FRR the Lost Contribution to Fixed Costs portion of the Company's Energy Efficiency Rider shall be set to zero after any true-ups are made, if needed, for timing purposes.
- D. Unless expressly provided otherwise in this Rider FRR, revenue and cost effects that were imputed in the general rate case shall be similarly imputed in the annual Rider FRR filing.
- E. Rate base amounts for the Test Period shall exclude construction work in progress (CWIP), Non-Utility Plant, and Plant Held for Future Use.
- F. The Arkansas Jurisdictional Revenue Requirement will be determined by running the total company historical costs through the approved Compliance Cost of Service Study from Docket No. 19-008-U. The Compliance Cost of Service Study shall be updated with actual load data from the Test Period. No other data shall be updated in the Compliance Cost of Service Study.

II. Adjustments

A. Rate Base

1. Use Test Period-end balances for Electric Plant In Service (EPIS) and Accumulated Depreciation on a total company basis excluding the Turk Generation Power Station and related Generator Step-up Transformers.
2. Use 13-month averages ending December 31 of the Test Period for working capital assets, excluding amounts (e.g., non-jurisdictional, and Turk Plant) and accounts consistent with Docket No. 19-008-U.
3. Restate Test Period end balances of accumulated depreciation (and related depreciation ADIT) using the existing Arkansas depreciation rates that were in effect when the depreciation expense was incurred. During an annual Rider FRR filing, a utility may request an interim rate for added plant which has no approved depreciation rate, except for major plant acquisitions. Depreciation rates for major plant acquisitions must be requested within the docket requesting approval of the purchase.
4. Remove from Test Period Rate Base all non-Arkansas jurisdictional, non-utility amounts and other items consistent with Docket No. 19-008-U.

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5. Include AFUDC adjustment to EPIS and accumulated depreciation computed consistent with Docket No. 19-008-U including Arkansas' approved return on common equity and the FERC AFUDC formula.
6. Eliminate rate base effects associated with any riders other than this Rider FRR that SWEPCO may have in effect during the Test Period that recover specific costs.

B. Operating Income

1. The Test Period shall reflect actual revenues. No adjustments for rate annualization, growth or weather shall be included.
2. The revenue and expense effects associated with any riders other than this Rider FRR that SWEPCO may have in effect during the Test Period that recover specific costs are to be eliminated.
3. Include other revenues consistent with the methodology utilized in Docket No. 19-008-U.
4. Do not annualize or normalize Test Period revenues or expenses. Depreciation expense shall be restated using approved Arkansas depreciation rates.
5. Include credit line fees in operating expenses that are not included in cost of debt or recovered elsewhere in the cost of service.
6. Specifically assign jurisdictional other taxes in same manner as SWEPCO filed its revenue requirement as in Docket No. 19-008-U.
7. Consistent with Docket No. 19-008-U, exclude other costs not recognized for ratemaking, including, but not limited to, the Turk Generation Power Station and related Generator Step-up Transformers, charitable contributions, lobbying expenses, fines and penalties, and disallowances.
8. Adjust federal and state income expense, which comprehends deferred tax expense, for the following:
 - i. All Historical Year interest expenses shall be eliminated and replaced with an imputed interest expense amount equal to the rate base multiplied by the weighted embedded cost of debt;
 - ii. Effects associated with other adjustments set out in this Attachment C shall similarly and consistently be adjusted;
 - iii. The corporate state and federal income tax laws legally in effect at Test Period end shall be reflected in the calculation of all income tax amounts; and any changes in the statutory federal income tax rate will be treated as a direct flow through item in the year the new tax rate is effective as long as the flow through complies with normalization rules.

C. Benchmark Rate of Return on Rate Base

1. The overriding principle for the development of the capital structure is to mirror the approach and process used to arrive at the allowed rate of return in Docket No. 19-008-U. The following steps are included to facilitate replication of the approved approach in the rate case to calculate the Attachment B-5, Column 2, Capital Amounts and shall be executed in the order listed below.

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- a. First, the Test Period end balances of all capital components, other than CAOL, shall be identified and shall tie to a Test Period ending balance sheet which will be provided.

The CAOL balance shall be based on the 13-month averages ending as of the Test Period end and include all accounts consistent with those ordered in Docket No. 19-008-U. Support for the CAOL balances shall include the same format and detail as required by the Filing Requirements as Attachment D, Item No. 5.

- b. Second, the Test Period end balances for Long-Term Debt, Short-Term Debt and Common Equity shall be adjusted to reflect the same relative debt to equity proportions imputed in the capital structure approved in Docket No. 19-008-U.
 - c. Third, the Test Period end Turk ADIT balance shall be removed, consistent with the approach approved in Docket No. 19-008-U. A dollar amount equal to the remaining Turk asset balance (after ADIT deduction) shall be removed from all other non-ADIT capital components in the same relative proportions as reflected after step two (thus excluding only ADIT in developing the relative proportions for this step, consistent with Docket No. 19-008-U).
2. All Long-Term Debt issues as of the Test Period end, including current maturities, shall reflect the balance net of a) unamortized debt discount, premium, and issuance expense and b) the gains or losses on reacquired debt should be included as a component of total net outstanding Long-Term, consistent with Docket No. 19-008-U.
 3. The cost rates to be applied for Long-Term Debt shall be determined as of the Test Period end. The Long-Term Debt cost rates shall include the a) annual amortization of debt discount premium and expenses; and b) annual gain or loss on reacquired debt.
 4. The cost rate to be applied for Common Equity shall be the 9.45% authorized Return on Equity approved in Docket No. 19-008-U.
 5. The cost rates for ADIT and CAOL will be zero.
 6. The cost rates for other capital items including customer deposits, short-term debt and other capital components will be determined as of the Test Period end and calculated in a consistent manner with Docket No. 19-008-U.

III. Other Adjustments

- A. Nothing in this Rider FRR shall preclude any Party from proposing additional adjustments beyond those described above.

Attachment D**SOUTHWESTERN ELECTRIC POWER COMPANY
FORMULA RATE REVIEW
FILING REQUIREMENTS**

Item No.	Filing Requirements
1	SWEPCO shall file all Rider FRR Attachments supporting the Test Period. The FERC FORM Number 1 for the Test Period will be provided when filed at the FERC and reconciled to the ending Trial Balance and Rider FRR Attachment B Schedules.
The following information shall be provided to the Parties:	
2	The fully functioning Compliance Cost of Service model, as approved by the Commission in 19-008-U and updated pursuant to Attachment C, Section I. F. The Cost of Service model will replicate the Company's determination of the jurisdictional revenue requirement for the Test Period and have links to the corresponding accounting schedules which will contain detail (e.g., subaccounts or detailed plant information) commensurate with the detail required by the cost of service model. The Total Company amounts shall be reconciled to the Trial Balances provided in Item 3.
3	Monthly Trial Balances by detail general ledger subaccount number for the Test Period. Reconcile to the FERC Form No. 1 Balance Sheet, Income Statement, and the Rider FRR Attachment B Schedules that it supports.
4	Identify all construction projects or purchases that closed to plant during the Test Period. Include the project number, project description, start date, completion date, date closed to plant, cost to complete, and plant accounts where it was closed. Provide the costs, including the AFUDC calculation, included in the five (5) largest projects completed during the year. The Company should identify whether a project was approved by the APSC, e.g., by CCN or CECPN.
5	Rules of Practice and Procedure, Appendix 8-1 Minimum Filing Requirements (MFR) Schedules, as modified for the Test Period, B-1, B-2, B-4, B-5, B-10, C-2, C-4, C-5, C-8, C-9, C-10, C-11, C-12, D-2, D-3, D-5, D-6.1, D-6.2, D-6.3, D-7, E-9, E-10, F-1, G-1, G-2, G-3 and G-4, including the supporting Compliance Cost of Service Study (COSS) approved in Docket No. 19-008-U (Jurisdictional Only). For the F-1 Schedule, include Test Period depreciation expense by account and a reconciliation to Schedule B-1 and the plant amounts in the monthly trial balance (item 3 above).
6	A list of all codes or abbreviations representing entities, cost centers, departments, cost categories, subcategories, cost components, activities, projects, etc., including descriptions, used in each field included in the Company's general ledger. Note, if any transactions are intercompany billings (Service Company Billings, etc.), the originating companies or billing entity's information (e.g., resource code, etc.) should be provided or able to be accessed.
7	Web access to SWEPCO's general ledger and accounts payable ledger for the Test Period including capability to view supporting invoices and other source documents. Alternatively, provide an Excel or Access database with the same information which contains all fields.
8	For the Test Period, by rate class and rate schedule, provide a monthly statement showing customer count, kWh, billing kW, coincident and non-coincident kW demands, base rate revenues, and rider revenues.
9	For the Prior Year, provide total monthly actual retail revenues by rate class.

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10	Total expense balances supporting base rates (excluding riders) by FERC account, subaccount, cost component, ABM activity (including names/descriptions for each code) for the Test Period and four (4) years preceding the Test Period. Either in a separate analysis or in separate columns, identify the expense amounts by company (SWEPCO and AEPSC) and (payroll, including benefits, and non-payroll). Totals should reconcile to Trial Balances in item 3 and Attachment B-3. Identify and explain changes between the Test Period and the five-year average by FERC Account for all variances greater than fifteen percent (15%). For each FERC account balance variance that exceeds the established threshold, SWEPCO should provide sufficient data and detailed explanations to justify the proposed increase to that FERC account. The explanation and workpapers shall include the specific underlying reason for the variance. The workpapers should support and quantify the underlying reason(s) for the variances of those FERC accounts that exceed the threshold.
11	The most recently filed State and Federal Income Tax Returns for SWEPCO and AEP to be filed confidentially. Also provide any such returns related to the Test Period that becomes available during the discovery period related to the Test Period.
12	Affiliate transaction analysis of SWEPCO expense account and project code shown in separate columns for the following: a) amounts billed, segregated between direct and allocated, from the service company and each affiliated company with separate columns for each affiliate, along with total affiliate amounts and the percentage charged to SWEPCO; b) amounts directly incurred by SWEPCO for its own operations; c) all other amounts in the account not corresponding to (a) or (b); and d) the sum of columns (a) through (c) which would equal the account's general ledger balance at the end of the Test Period. Provide an explanation of all items in (c). Provide copies of all allocation manuals used in allocating common costs among and between the Company and its affiliates, and billing method tables for all affiliates which have direct-billed or allocated charges to SWEPCO.
13	The Compliance COSS approved in Docket No. 19-008-U. The COSS should be able to replicate the Company's determination of the jurisdictional revenue requirement for the Test Period, containing links to the supporting accounting schedules which contains the level of detail (e.g., subaccounts or detailed plant information) commensurate with the detail required by the COSS. All external allocation factors should be those reflected in the approved Compliance COSS without modification.
14	Detailed Descriptions of Capital Additions: Detailed explanations for any capital project that exceeds \$1 million for which Commission approval was not otherwise sought. The explanations should include detailed information about the project(s) and why it was just, reasonable, necessary and prudent. Further, SWEPCO should include identification of any capital projects for which Commission approval has been obtained.
15	Plant Balances by Account: Plant balances by account should be provided for the 10 years proceeding the latest historical year showing the additions and retirements. Provide the cost of removal and salvage amounts by plant account for the same 10 years.

Attachment E

FORMULA RATE REVIEW PROTOCOLS

Section I. General Provisions

1. Applicability and Scope

The following protocols shall apply to the annual Evaluation Report filings made pursuant to the Formula Rate Review Rider (FRR) approved by the Commission in Docket No. 19-008-U.

- A. The Rules of Practice and Procedure (RPPs) shall apply to all annual Evaluation Report filings, except the following for which the Commission has granted an exemption by approving the FRR:
 - Rule 3.08;
 - Rule 4.02 (a)(2)(A);
 - Rule 4.02 (a)(3);
 - Rule 4.02 (a)(4);
 - Rule 4.03 (c);
 - Rule 4.04 (a)(2);
 - Rule 4.10 (a)(2) & (3); and
 - Rule 5.05(b), (c), & (d).
- B. Any proposed modification of the Rider FRR, including these protocols, is outside the scope of an annual Evaluation Report filing and as such, no Party shall seek to modify the Rider FRR, including these protocols, as part of any annual Evaluation Report filing. Proposed modifications to the Rider FRR, including these protocols, shall be brought in a separate docket.
- C. The filings of an Application and required annual Evaluation Report are not to be construed as a General Rate Change Application, nor are adjustments to rates that result from the filings of an annual Evaluation Report to be construed as a general change in rates pursuant to any provision of the Arkansas Code that references a general change in rates.
- D. The Commission may grant an exemption from compliance with these Protocols if the exemption is found to be in the public interest and for good cause shown.

2. Public Notice

- A. At least thirty (30) days prior to filing an annual Evaluation Report, SWEPCO shall give public notice of its intent to file; and updated information at the time of filing concerning the effective date and amount of the current rate request and the cumulative rate increase since the inception of rates approved under SWEPCO's Rider FRR.
- B. The notice shall indicate that it is from SWEPCO and that updated information shall be provided conspicuously on SWEPCO's website at the time the Evaluation Report is filed. The notice shall include: the docket number, if known; the date on or about which the annual Evaluation Report is to be filed; the effective date; reference to the RPPs and these protocols. It shall also include information for persons interested in intervening, making a limited appearance, or submitting public comments in writing or orally at the hearing including; deadlines for intervention; the name, address, phone number and email

address of the Secretary of the Commission and the URL address of the Commission website; and that further information may be obtained by contacting the Secretary of the Commission or viewing the Commission's website.

- C. Public notice shall be given conspicuously on SWEPCO's website and by the method(s) deemed most likely to provide actual notice to SWEPCO's customers, including but not limited to: bill notation, direct mail, email exploder list, through social media, or publication in a newspaper of general circulation in SWEPCO's service area. Notice methods shall be chosen with the intent to reach the most rate payers and include a date as to when Customer's can view the Company's requested Rider FRR rate increase/decrease via a link provided to SWEPCO's website.
- D. Upon filing of the Evaluation Report, the Company will publish on its website information regarding Rider FRR including: the purpose of the Application, the total amount of the requested rate increase/decrease, the classes of customers affected, and the approximate amount of the dollar change and percentage change proposed for each rate class. Test Period changes and cumulative changes in Rider FRR percent increase(s)/decrease(s) shall be stated by class.
- E. The annual Evaluation Report filing shall include a declaration that these notice provisions have been complied with including the date(s) and method(s) that public notice was given.

3. Intervention

- A. Petition to Intervene shall be filed within ten (10) calendar days from the date the annual Evaluation Report is filed.
- B. Any Party desiring to file a Response to a Petition to Intervene shall file the Response within five (5) calendar days of the filing of the Petition. No additional responses or replies shall be permitted unless specifically authorized by the Commission.
- C. The Commission shall rule on the Petition to Interveners within seven (7) calendar days from the date the Petition is filed. If the Commission does not rule within that time frame, the Petition to Intervene shall be deemed denied.

4. Discovery

- A. Time Within Which to Respond or Object
 - 1. The Party upon whom discovery is sought shall serve a written response or objection within ten (10) calendar days after service of the discovery. Responses or objections to requests for admission shall be served within ten (10) calendar days of service of the requests. The Commission may prescribe a shorter or longer time. Any objections shall state the specific reasons for such objection.
 - 2. If the response to the discovery request contains protected information for which no Protective Order has been issued, the responsive Party shall apply for a Protective Order as soon as reasonably practicable after receipt of the discovery request so as to avoid any delays in responding to discovery, and to the greatest extent practicable no later than five (5) calendar days after receipt of the discovery request. The responsive Party shall respond to the discovery request on the next business day after the Protective Order is issued or on the date the discovery response is due; whichever is sooner.

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B. Discovery Initiation

Unless otherwise ordered, a Party may initiate discovery at any time after filing of an annual Evaluation Report so long as responses or objections and depositions shall be completed at least sixty (60) days before the date on which rates determined by the formula rate review mechanism will go into effect for each year or ten (10) days before a hearing on the merits, whichever is earlier.

C. Service and Format

1. Service shall be made by electronic mail, facsimile transmission, hand delivery, or overnight delivery service unless unusual circumstances otherwise justify delivery by another method and the Parties agree to the method chosen.
2. Attachments to documents shall be provided in native electronic format, with formulae and viable links intact.
3. Any discovery document served electronically or by facsimile after Commission Business Hours but before midnight or received on a non-business day shall be deemed served on Persons on the Official Service List with electronic mail on the next business day. Any discovery document served electronically or by facsimile between midnight and the beginning of Commission Business Hours on a business day shall be deemed served on Persons on the Official Service List on that business day. Any discovery document served by hand delivery or overnight delivery service shall be deemed served pursuant to Rule 3.07 of the RPPs.

D. Computation of Time for Performance or Response

In computing the time within which an act must be performed or a response made, the Day of the act from which the designated period of time begins to run shall not be included and the last Day shall be included unless it is a Saturday, Sunday, Legal Holiday, or other Day in which the Commission's office is closed, in which event the period shall extend to the next business Day. Service by mail or commercial delivery service, except for overnight delivery is prohibited; therefore no additional response time as contemplated by the RPPs is necessary.

5. General Filing Matters

- A. Beginning with the initial annual Evaluation Report filing after Rider FRR is approved by the Commission in Docket No. 19-008-U; a separate docket shall be established by the Secretary of the Commission for the annual Evaluation Report filings with an "FR" docket designation.
- B. The initial and all subsequent annual Evaluation Reports shall be filed in the "FR" docket. SWEPCO shall submit the annual Evaluation Report with a Commission-approved tariff Docket Summary Cover Sheet. In addition to any other information required by the coversheet, SWEPCO shall reference Docket No. 19-008-U.
- C. Stipulations or Settlements
 1. Parties shall propose by written motion that the Commission adopts stipulations or settlements. Such motion shall be filed, along with supporting testimony, no later than seven (7) calendar days prior to the hearing scheduled in the annual Evaluation Report filing. If the seventh day falls on a weekend or state holiday such settlement agreement and supporting testimony shall be filed on the last

business day prior to the seventh day. The motion shall set forth the factual, legal, policy, and other consideration which form the basis for the Parties' recommendation that the stipulation or agreement be adopted, and shall be supported by written testimony.

2. A Party not joining a proposed stipulation or settlement may file a response no later than five (5) calendar days prior to the scheduled date of the hearing.
3. Such a response shall set forth the factual, legal, policy, and other consideration which form the basis for the Party's opposition to the proposed stipulation or settlement or portions thereof.

Section II. Filing Requirements

1. Testimony and Exhibits

- A. Testimony with or without Exhibits shall be filed simultaneously with the annual Evaluation Report and address, at a minimum:
 1. A description of the filed schedules and all of the adjustments proposed;
 2. A description of any significant cost drivers;
 3. A description of any changes in accounting policies, practices, and procedures if they affect inputs to Rider FRR or the rate redetermination to be made under Rider FRR; and
 4. A narrative explanation of the rate impact.

2. Workpapers and Supporting Documentation

- A. The annual Evaluation Report and any revisions thereto shall include:
 1. Data-populated schedules including fully functioning EXCEL spreadsheet with all formulas and links intact, showing all calculations in the annual Evaluation Report;
 2. Sufficient information to enable the Parties to replicate the calculation of the formula results from the applicable schedules; and
 3. Documentation fully supporting all calculations and adjustments.
- B. Workpapers shall be provided to the Parties simultaneously with the filing of the annual Evaluation Report and any revisions thereto, and shall include:
 1. All supporting calculations and documents that explain the calculations in the annual Evaluation Report;
 2. Both references to and support from detailed source information; and
 3. A complete description of any statistical model used, the data used, and the results of the analysis if not addressed in testimony or exhibits.

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- C. With respect to any change in accounting that affects inputs to the FRR Rider or the resulting rate redetermination to be billed under the FRR Rider, SWEPCO shall identify and provide narrative explanation of the individual impact of such changes on rate redetermination to be billed under the FRR Rider including:
1. The initial implementation of an accounting standard or policy;
 2. The initial implementation of accounting practices for unusual or unconventional items where the Commission has not provided specific accounting direction;
 3. Correction of errors and prior period adjustments that impact Rider FRR;
 4. The implementation of new estimation methods or policies that change prior estimates; and
 5. Changes to income tax elections.
- D. SWEPCO shall identify any reorganization or merger transaction and explain the effect of the accounting for such transaction(s) on the inputs to Rider FRR or the resulting rate determination to be billed under Rider FRR.

3. Waiver of Requirements

SWEPCO may omit specific items of information from the annual Evaluation Report filing only with prior Commission approval.

4. Filing Deficiencies

- A. The Arkansas Public Service Commission General Staff (“Staff”) may review each annual Evaluation Report filing to ascertain whether it complies with the provisions of these Filing Requirements and Rider FRR, including the provisions of all of the Attachments thereto.
- B. If Staff determines that any deficiencies exist, Staff shall file a notice detailing the deficiencies within seven (7) calendar days from the date the annual Evaluation Report is filed.
- C. SWEPCO shall correct the deficiencies, within seven (7) calendar days of filing of the notification of deficiency, or upon objection being filed by SWEPCO within that timeframe; the Commission may set a longer period as may be reasonable.
- D. Staff shall review corrections made by SWEPCO to determine compliance with all information required by the Filing Requirements and Rider FRR, including the provisions of all of the Attachments thereto.
- E. No more than three (3) business days from the filing of corrections, Staff may file a (1) statement of compliance or (2) a second notice of deficiencies, listing each requirement not met and a brief explanation in support.
- F. The Commission shall resolve any dispute as to deficiencies within seven (7) calendar days of the filing of the second notice of deficiencies by either accepting the corrections made by SWEPCO or by directing additional corrections to be filed by SWEPCO.

5. Dispute Procedures

- A. Any Party filing with the Commission a statement of errors or objections to the Evaluation Report shall file Testimony with or without Exhibits simultaneously with the statement of errors or objections and the filing shall:
 - 1. Clearly identify and explain the error in or objection to the annual Evaluation Report;
 - 2. Make a good faith effort to quantify the financial impact of the error or objection;
 - 3. State specifically any proposed changes to the annual Evaluation Report that the Party recommends; and
 - 4. Include all documents and workpapers that support the calculation of the error or the facts supporting the objection.
- B. SWEPCO shall file a corrected Rider FRR rate or Rebuttal Testimony with or without Exhibits to the errors and objections raised by the Parties.

6. Extension of Term

- A. If SWEPCO requests an extension of the initial term of Rider FRR, SWEPCO shall include such request as part of its fourth annual Evaluation Report filing.
- B. SWEPCO shall provide a full cost of service study for historical year-end 2023.
- C. The Commission shall enter a decision on SWEPCO's request no later than December 31, 2024.

7. Non-Extension of Term

- A. If Rider FRR is not extended, the then-existing Rider FRR rates shall continue to be in effect until new base rates are duly approved and implemented.
- B. Upon non-extension of the Rider FRR Term, a full cost of service study is due using prior calendar year data.