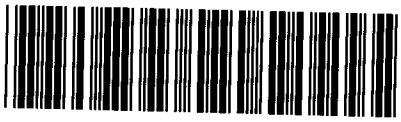
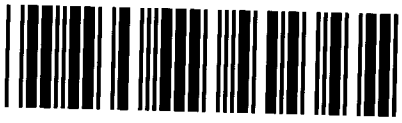


Control Number: 45029



Item Number: 1

Addendum StartPage: 0

DOCKET NO. 45029

AGREED NOTICE OF VIOLATION AND SETTLEMENT AGREEMENT RELATING TO SOUTHWESTERN ELECTRIC POWER COMPANY'S VIOLATION OF PURA § 38.005 AND 16 TAC § 25.52, CONCERNING RELIABILTY AND CONTINUITY OF SERVICE	§	**PUBLIC UTILITY COMMISSION OF TEXAS**

RECEIVED
2015 AUG -7 PM 2:44
PUBLIC UTILITY COMMISSION
FILING CLERK

APPLICATION FOR APPROVAL OF SETTLEMENT AGREEMENT

Staff of the Public Utility Commission of Texas (Staff) files this Application for Approval of Settlement Agreement and would show in support as follows:

Staff of the Public Utility Commission of Texas (Commission) enters into this Settlement Agreement and Report to Commission (Agreement) with Southwestern Electric Power Company (SWEPCO) (together, Parties). The Agreement, attached to this request, has been signed by representatives of both Parties and includes an attached Proposed Order. This Agreement resolves and concludes the investigation of SWEPCO for violations of PURA § 38.005, as well as 16 TAC § 25.52.

WHEREFORE, Staff respectfully requests that the Parties' Application for Approval of Settlement Agreement be granted.

DATE: August 7, 2015

Respectfully Submitted,

Robert M. Long
Division Director
Oversight and Enforcement Division
State Bar No. 12525500

BY PERMISSION
TAYLOR C. ILLIGOY
24087844

Joshua W. Walters
Attorney-Oversight and Enforcement Division
State Bar No. 24081198
(512) 936-7385
(512) 936-7208 (facsimile)
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

DOCKET NO. _____

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 7th day of August, 2015 in accordance with 16 TAC § 22.74.

Joshua W. Walters

BY PERMISSION
TAYLOR C. ILLIGOY
24087844

DOCKET NO. _____

AGREED NOTICE OF VIOLATION AND SETTLEMENT AGREEMENT RELATING TO SOUTHWESTERN ELECTRIC POWER COMPANY'S VIOLATION OF PURA § 38.005 AND 16 TAC § 25.52, CONCERNING RELIABILTY AND CONTINUITY OF SERVICE	§ § § § § § § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

SETTLEMENT AGREEMENT AND REPORT TO COMMISSION

Staff of the Public Utility Commission of Texas (Commission) and Southwestern Electric Power Company (SWEPCO) (together, Parties) enter into this Settlement Agreement and Report to Commission (Agreement). This Agreement resolves and concludes the investigation of SWEPCO for violation of PURA[1] § 38.005 and 16 Tex. Admin. Code (TAC) § 25.52, concerning reliability and continuity of service for reporting year 2014.

The Parties agree as follows:

1. The Parties stipulate to the facts contained herein and in the attached Proposed Order and request approval of the Order by the Commission.

2. Commission Staff recommended, and SWEPCO agrees to pay, an administrative penalty of Seven Thousand dollars ($7,000) for SWEPCO's violation described herein and in the attached Proposed Order.

3. For the reporting year 2014, SWEPCO reported a system-wide System Average Interruption Duration Index (SAIDI) value that exceeded its system-wide standard by more than 20% (24.1% specifically).

4. SWEPCO agrees to make efforts to improve the performance and reliability of all of its feeders. In particular, SWEPCO will focus its efforts on feeders that were 300% greater than the 2014 system average SAIDI and System Average Interruption Frequency Index (SAIFI) values.

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[1] Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.016 (Vernon 2007 & Supp. 2014) (PURA).

5. For 2014, SWEPCO reported no repeat SAIDI and SAIFI violations for individual feeders.

6. SWEPCO asserts that it spent $10.3 million on vegetation management in 2014. SWEPCO agrees to continue to spend funds on proactive reliability programs such as vegetation management. In 2015, SWEPCO is scheduled to spend an estimated $6.8 million on vegetation management as approved by the Commission in Docket No. 40443.

7. This Agreement resolves all claims related to SWEPCO's obligations pursuant to PURA § 38.005 and 16 TAC § 25.52, concerning reliability and continuity of service for reporting year 2014.

8. Unless specifically provided for in this Agreement, SWEPCO waives any notice and procedures that might otherwise be authorized or required in this proceeding.

9. Nothing in this Agreement shall limit the Commission Staff's ability to perform its enforcement functions as set forth in PURA and the Commission's rules.

10. A Party's support of the resolution of this docket in accordance with this Agreement may differ from its position or testimony regarding contested issues of law, policy, or fact in other proceedings before the Commission or other forums. Because this is a settlement agreement, a Party is under no obligation to take the same position as set out in this Agreement in other proceedings not referenced in this Agreement whether those dockets present the same or a different set of circumstances. The Parties' agreement to entry of a final order of the Commission consistent with this Agreement should not be regarded as an agreement as to the appropriateness or correctness of any assumptions, methodology, or legal or regulatory principle that may have been employed in reaching this Agreement.

11. The Parties contemplate that this Agreement will be approved pursuant to 16 TAC § 22.246(g)(1)(C). In the event the Commission materially changes the terms of this Agreement, the Parties agree that any Party adversely affected by that material alteration has the right to withdraw from this Agreement, thereby becoming released from its obligations arising hereunder, and to proceed as otherwise permitted by law to exercise all rights available under law. The right to withdraw must be exercised by providing the other Party written notice within 20 calendar days of the date the Commission files the

final order acting on this Agreement. Failure to provide such notice within the specified time period shall constitute a waiver of the right to withdraw and acceptance of the material changes to this Agreement made by the Commission.

12. This Agreement is the final and entire agreement between the Parties regarding the alleged violation related to reliability and continuity of service for the year 2014 and supersedes all other communications among the Parties or their representatives regarding its terms.

13. Each person executing this Agreement represents that he or she has been authorized to sign on behalf of the Party represented. Copies of signatures are valid to show execution. If this Agreement is executed in multiple counterparts, each is deemed an original but all of which constitute the same Agreement.

14. SWEPCO warrants that it has read this Agreement carefully, knows the contents thereof, and signs the same as its free act.

EXECUTED by the Parties by their authorized representatives designated below.

Thomas Brice

Date: 8/5/15

Thomas Brice
AEP Southwestern Electric Power Company
400 West 15th Street, Suite 1500
Austin, Texas 78701

Date: 8/7/15

Robert M. Long
Division Director
Oversight and Enforcement Division
Public Utility Commission of Texas

ATTACHMENT

DOCKET NO. _____

AGREED NOTICE OF VIOLATION AND SETTLEMENT AGREEMENT RELATING TO SOUTHWESTERN ELECTRIC POWER COMPANY'S VIOLATION OF PURA § 38.005 AND 16 TAC § 25.52, CONCERNING RELIABILTY AND CONTINUITY OF SERVICE	§ § § § § § § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

PROPOSED ORDER

Pursuant to 16 TAC § 22.246(g)(l)(C), this Order approves the Settlement Agreement and Report to Commission (Agreement) between the Staff of the Public Utility Commission of Texas (Commission) and Southwestern Electric Power Company (SWEPCO) (together, Parties) regarding Commission Staff's investigation of SWEPCO for violation of PURA[1] § 38.005 and 16 TAC § 25.52, concerning reliability and continuity of service. This docket was processed in accordance with applicable statutes and Commission rules. The Agreement resolves all issues in this docket. Commission Staff recommended an administrative penalty of Seven Thousand dollars ($7,000). SWEPCO agreed to pay the recommended administrative penalty. The Agreement is approved.

The Commission adopts the following findings of fact and conclusions of law:

I. FINDINGS OF FACT

1. SWEPCO is an electric utility as defined in PURA § 31.002(6).

2. For the reporting year 2014, SWEPCO reported a SAIDI value that exceeded its system-wide standard by more than 20%.

[1] Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.016 (Vernon 2007 & Supp. 2014) (PURA)

3. On or about April 30, 2015, SWEPCO was provided proper notice of Commission Staff's investigation in this matter, the results of the investigation, information about its right to a hearing, and an opportunity to explain its activities.

4. SWEPCO fully cooperated with Commission Staff's investigation.

5. SWEPCO acknowledges the violation detailed in this Order.

6. SWEPCO participated in one or more settlement discussions with Commission Staff to resolve this matter.

7. On July ___, 2015, the Parties entered into the Agreement resolving the violation. Commission Staff recommended, and SWEPCO agreed to pay, an administrative penalty of Seven Thousand dollars ($7,000).

8. The Agreement provides for a reasonable resolution of this dispute.

II. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to PURA §§ 14.001, 14.002, 14.003, 14.051, 15.023, 15.024, and 38.005.

2. SWEPCO is an electric utility for purposes of PURA §§ 31.002(6) and 38.005, and 16 TAC § 25.52.

3. As an electric utility, SWEPCO is required to comply with the service quality and reliability standards established by PURA § 38.005 and 16 TAC § 25.52.

4. SWEPCO was provided proper notice of Commission Staff's investigation in this matter, the results of the investigation, information about its right to a hearing, and an opportunity to explain its activities.

5. PURA § 38.005(a) provides that "the commission shall implement service quality and reliability standards relating to the delivery of electricity to retail customers by electric utilities and transmission and distribution utilities." Subsection (a) goes on to require the Commission to, by rule, "develop reliability standards, including: (1) SAIFI; (2) SAIDI; (3) achievement of average response time for customer service requests or inquiries; or (4) other standards that the commission finds reasonable and appropriate."

6. Pursuant to this legislative mandate, the Commission implemented the reliability standards found in 16 TAC § 25.52. 16 TAC §25.52(g)(1) requires each utility to maintain and operate its distribution system so that its system-wide SAIDI and SAIFI averages do not exceed the standard by more than 5%.

7. SWEPCO violated PURA § 38.005 and the requirements of 16 TAC § 25.52 for reporting year 2014 because its SAIDI value exceeded its system-wide standard by more than 20%.

8. 16 TAC § 22.246(g)(1)(A),(B) and (C) require issuance of a report of a settlement to the Commission and a written order that approves the settlement.

9. The Agreement is a report of settlement to the Commission as required by 16 TAC § 22.246(g).

10. The requirements for informal disposition pursuant to 16 TAC § 22.35 have been met in this proceeding.

III. ORDERING PARAGRAPHS

In accordance with these findings of fact and conclusions of law, the Commission issues the following order:

1. The Agreement, attached to this Order as Attachment 1, is approved, and the Parties shall be bound by its terms.

2. SWEPCO shall pay an administrative penalty to the Commission in the amount of Seven Thousand dollars ($7,000). SWEPCO shall remit payment of the full amount of the administrative penalty on or before 30 calendar days after the date this Order is signed. Payment of the administrative penalty shall be made by electronic funds transfer or check payable to the Public Utility Commission of Texas and shall reference this docket. If paying by check, the check shall be sent to the following address:

    Public Utility Commission of Texas
    P.O. Box 13326
    Austin, Texas 78711
    ATTN: Fiscal Services

3. SWEPCO shall file an affidavit of payment in this docket no later than five calendar days after the payment is made.

4. SWEPCO shall continue to make efforts to improve the performance and reliability of all of its feeders. In particular, SWEPCO will focus its efforts on feeders that were 300% greater than the 2014 system average SAIDI and SAIFI values and maintaining the system-wide standards required by 16 TAC §§ 25.52 (g)(1)(A) and (B) and 25.52(g)(2).

5. The Commission shall not be constrained in any manner from requiring additional action or penalties for violations that are not raised here.

6. Entry of this order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Agreement. Neither should the entry of an order consistent with the Agreement be regarded as a binding, holding or precedent as to the appropriateness of any principle underlying the Agreement.

7. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other request for general or specific relief, if not expressly granted herein, are denied.

SIGNED AT AUSTIN, TEXAS the ____ day of _____, 2015.

PUBLIC UTILITY COMMISSION OF TEXAS

_____

DONNA L. NELSON, CHAIRMAN

_____

KENNETH W. ANDERSON, JR., COMMISSIONER

_____

BRANDY MARTY MARQUEZ, COMMISSIONER