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DOCKET NO. 49828

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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 §  
RELIABILITY AND CONTINUITY OF §  
SERVICE §

PUBLIC UTILITY COMMISSION  
FILING CLERK  
OF TEXAS

**APPLICATION FOR APPROVAL OF SETTLEMENT AGREEMENT**

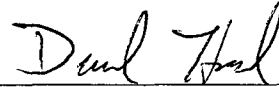
Commission Staff and Southwestern Electric Power Company have entered into a Settlement Agreement and Report to Commission. The settlement agreement, attached to this motion, has been signed by representatives of both parties and includes a Proposed Order. This agreement resolves and concludes Commission Staff's investigation of Southwestern Electric Power Company for violation of the Public Utility Regulatory Act § 38.005 and 16 Texas Administrative Code § 25.52, concerning reliability and continuity of service.

Commission Staff respectfully requests that the parties' Application for Approval of Settlement Agreement be granted.

DATE: August 7, 2019

Respectfully Submitted,

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



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David Hoard  
Attorney, Oversight and Enforcement Division  
State Bar No. 24106843  
(512) 936-7285  
(512) 936-7208 (facsimile)  
Public Utility Commission of Texas  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
david.hoard@puc.texas.gov

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on this the 7<sup>th</sup> day of August, 2019 in accordance with 16 Tex. Admin. Code § 22.74 (TAC):

Lynn Ferry-Nelson  
Director, Regulatory Services  
Southwestern Electric Power Company  
428 Travis Street  
Shreveport, LA 71101



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David Hoard

DOCKET NO. \_\_\_\_\_

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

**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. This agreement resolves and concludes the investigation of SWEPCO for violation of PURA<sup>1</sup> § 38.005 and 16 Texas Administrative Code (TAC) § 25.52, concerning system-wide and per-feeder reliability and continuity of service for reporting year 2018.

**The Parties agree as follows:**

1. The Parties stipulate to the facts contained in the attached Proposed Order and request approval of the Order by the Commission.
2. Commission Staff recommends, and SWEPCO agrees to pay, an administrative penalty of Forty-Five Thousand Dollars (\$45,000) for SWEPCO's violations described herein and in the attached Proposed Order.
3. 16 TAC § 25.52(g)(1)(B) requires a utility to maintain and operate its distribution system such that its system-wide System Average Interruption Duration Index (SAIDI) value does not exceed its system-wide SAIDI standard by more than 5%.
4. SWEPCO reported it exceeded its system-wide SAIDI standard by 69.3% for the 2018 reporting year. SWEPCO's system-wide SAIDI value has exceeded its SAIDI standard by more than 5% for two or more consecutive years.

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

5. 16 TAC § 25.52(g)(2) requires a utility to maintain and operate its distribution system such that no distribution feeder with ten or more customers sustains a SAIDI value for a reporting year that is more than 300% greater than the system average of all feeders during any two or more consecutive reporting years.
6. For reporting year 2018, SWEPCO reported having the following “per feeder” violations. The following feeders had a SAIDI value more than 300% greater than the system average for two or more consecutive years:
  - Four single feeders in violation of the rule for the first year; and
  - One single feeder in violation of the rule three years in a row.
7. SWEPCO asserts the following with regard to the circumstances for the underperforming circuits for three consecutive years:

**Three Consecutive Years**

- a. Logansport – 965770 : This circuit originates in Logansport, Louisiana. The Texas portion is 14 miles long and serves 287 customers. The primary causes of outages on this circuit were vegetation inside the right of way and trees outside the right of way. SWEPCO spent nearly \$10 thousand on tree trimming, maintenance, and reliability on the Texas portion of this circuit during 2018. To address the high percentage of vegetation-caused outages, SWEPCO will trim the entirety of this circuit during 2019.
8. SWEPCO agrees to continue making efforts to improve the performance and reliability of all of its feeders.
9. This agreement resolves all claims related to SWEPCO’s obligations pursuant to PURA § 38.005 and 16 TAC § 25.52 concerning system-wide and per-feeder reliability and continuity of service for service quality reporting year 2018.
10. Unless specifically provided for in this agreement, SWEPCO waives any notice and procedures that might otherwise be authorized or required in this proceeding.
11. 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.
12. 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.

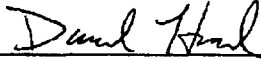
13. The parties contemplate that this agreement will be approved pursuant to 16 TAC § 22.246(h)(1)(C). In the event the Commission materially changes the terms of this agreement, the parties agree that any party adversely affected by that material alteration has the right to withdraw from this agreement, 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 will constitute a waiver of the right to withdraw and acceptance of the material changes to this agreement made by the Commission.
14. This agreement is the final and entire agreement between the Parties regarding the alleged violations related to system-wide and per-feeder reliability and continuity of service for the year 2018 and supersedes all other communications among the parties or their representatives regarding its terms.
15. 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.
16. 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.



Lynn Ferry-Nelson  
Lynn Ferry-Nelson  
Director, Regulatory Services  
Southwestern Electric Power Company  
428 Travis Street  
Shreveport, LA 71101

Date: 8/7/19



David Hoard  
David Hoard  
Attorney – Oversight and Enforcement Division  
Public Utility Commission of Texas

Date: 08/07/19

DOCKET NO. \_\_\_\_\_

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

**PROPOSED ORDER**

This Order approves the settlement agreement and report to Commission between Commission Staff and Southwestern Electric Power Company (SWEPCO) for violations of PURA § 38.005 and 16 Texas Administrative Code (TAC) § 25.52 concerning system-wide and per-feeder reliability and continuity of service for reporting year 2018. The settlement agreement resolves all of the issues between Commission Staff and SWEPCO relating to the investigation and serves as a report to the Commission under 16 TAC § 22.246(h). Commission Staff recommends an administrative penalty of \$45,000. SWEPCO agrees to pay the administrative penalty. The Commission approves the agreement.

**I. Findings of Fact**

The Commission makes the following findings of fact:

**Respondent**

1. SWEPCO provides electric transmission and distribution services in Texas under certificate of convenience and necessity number 30151.

**Reporting Year 2018**

2. Commission Staff and SWEPCO used a System Average Interruption Duration Index (SAIDI) standard of 137.16911 minutes. Applying this standard, a violation occurs when the system-wide value exceeds 144.02757 minutes (5% over the system standard under 16 TAC § 25.52(g)(1)), or when a per-feeder value exceeds 928.79745 (300% over SWEPCO's system-wide value under 16 TAC § 25.52(g)(2)).



3. SWEPCO reported it exceeded its system-wide SAIDI standard by 69.3% for the 2018 reporting year.
4. SWEPCO's SAIDI value in 2017 also exceeded its system-wide standard by 31.1%, causing SWEPCO to exceed its system-wide standard by more than 5% for two or more consecutive years.
5. For reporting year 2018, SWEPCO reported the following feeder violations for having a SAIDI value more than 300% greater than the system average for two consecutive years:

**First Year Violation**

- a) Friars Switch – 961900 – 1,403.6 minutes.
- b) Friars Switch – 965780 – 1,336.9 minutes.
- c) Lieberman – 961X30 – 987.5 minutes.
- d) Superior - 963750 – 1,365.9 – minutes.

**Three Year Violation**

- f) Logansport – 965770 – 1,106.9 – minutes.

**Notice**

6. On or about March 29, 2019, Commission Staff provided SWEPCO notice of the investigation, the results of the investigation, information about SWEPCO's right to a hearing, and an opportunity to explain its activities.

**Settlement Agreement**

7. SWEPCO fully cooperated with Commission Staff's investigation.
8. SWEPCO participated in one or more settlement discussions with Commission Staff to resolve this matter.
9. SWEPCO acknowledges the basis for the violations alleged by Commission Staff as detailed in this Order.
10. On (Date), the parties entered into a settlement agreement. Commission Staff recommended, and SWEPCO agreed to pay, an administrative penalty of \$45,000.
11. On (Date), Commission Staff filed a copy of the executed agreement with the Commission's filing clerk.

**Informal Disposition**

12. More than 15 days have passed since the completion of notice provided in this docket.
13. SWEPCO and Commission Staff are the only parties to this proceeding.
14. No person filed a protest or motion to intervene.
15. No party requested a hearing and no hearing is needed.
16. Commission Staff recommended approval of the settlement agreement.
17. Entry of the settlement agreement is not adverse to any party.

**II. Conclusions of Law**

The Commission makes the following conclusions of law:

1. The Commission has jurisdiction over this matter under PURA §§ 14.001, 14.002, 14.003, 14.051, 15.023, 15.024, and 38.005.
2. SWEPCO is an electric utility as defined in PURA § 31.002.
3. As an electric utility, SWEPCO must comply with the service quality and reliability standards established in PURA § 38.005 and 16 TAC § 25.52.
4. Under 16 TAC § 25.52(g)(1), SWEPCO must maintain and operate its distribution system so that its system-wide SAIDI averages do not exceed the standard by more than 5%.
5. For report year 2018, SWEPCO violated 16 TAC § 25.52(g)(1) by exceeding its system-wide SAIDI standard by 69.3% in 2018. Further, SWEPCO exceeded its system-wide SAIDI standard by 31.1% in 2017, making SWEPCO in violation of the rule by more than 5% for two or more consecutive years in reporting year 2018.
6. Under 16 TAC § 25.52(g)(2), SWEPCO must maintain and operate its distribution system so that no distribution feeder with more than 10 customers sustains a SAIDI or SAIFI value for a reporting year that is more than 300% greater than the system average of all feeders during any two or more consecutive years.
7. For reporting year 2018, SWEPCO violated 16 TAC § 25.52(g)(2) by having multiple feeders with SAIDI values that exceeded 300% greater than its system-wide SAIDI value for two or more consecutive years.
8. Under PURA § 15.023, the Commission has authority to impose administrative penalties for violations of PURA § 38.005 and Commission rules.

9. The filing of the agreement meets the requirements of 16 TAC § 22.246(h)(1).
10. The Commission processed this docket in accordance with applicable statutes and Commission rules.
11. The requirements for informal disposition in 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 orders:

1. The Commission approves the agreement.
2. SWEPCO must comply with the terms of the agreement and this Order.
3. SWEPCO must pay an administrative penalty to the Commission in the amount of \$45,000. SWEPCO must remit payment of the full amount of the administrative penalty on or before 30 calendar days after the date the Commission signs this Order. Payment of the administrative penalty may be made by check payable to the Public Utility Commission of Texas. The check must reference this docket and must be sent to the following address:  

Public Utility Commission of Texas  
ATTN: Fiscal Services  
P.O. Box 13326  
Austin, Texas 78711
4. SWEPCO must file an affidavit of payment in this docket no later than five calendar days after remitting the payment.
5. SWEPCO must continue to make efforts to improve the performance and reliability of all of its feeders. In particular, those efforts must focus on the feeder that violated service quality and reliability standards for three or more consecutive years referenced in Paragraph 7 of the Settlement Agreement and maintaining the system-wide standards required by 16 TAC § 25.52 (g)(1)(A) and (B) and § 25.52(g)(2).
6. SWEPCO must file a report regarding actions to bring feeders that are found to be in violation of any of its system-wide service quality standards for two or more consecutive years into compliance with the Commission's service quality standards, and this report must be filed as an addendum to SWEPCO's required annual service quality reports, as prescribed by 16 TAC § 25.81.

- 7. This Order resolves only the claims identified in this Order related to SWEPCO's obligation to comply with service quality and reliability standards.
- 8. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
- 9. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

**Signed at Austin, Texas the \_\_\_\_ day of \_\_\_\_\_, 2019**

**PUBLIC UTILITY COMMISSION OF TEXAS**

\_\_\_\_\_  
**DEANN T. WALKER, CHAIRMAN**

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**ARTHUR D'ANDREA, COMMISSIONER**

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**SHELLY BOTKIN, COMMISSIONER**