

Control Number: 45029



Item Number: 3

Addendum StartPage: 0

DOCKET NO. 45029

RECEIVED

2015 SEP 11 PM 3:21

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

ORDER

Pursuant to 16 Tex. Admin. Code § 22.246(g)(1)(C) (TAC), 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 PURA¹ § 38.005 and 16 TAC § 25.52, concerning reliability and continuity of service. 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 system-wide System Average Interruption Duration Index (SAIDI) value that exceeded its systemwide standard by more than 20%.
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.

¹ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-66.016 (West 2007 & Supp. 2014) (PURA).

3

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 August 7, 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) the system-average interruption frequency index (SAIFI); (2) the system-average interruption duration index (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. This docket was processed in accordance with applicable statutes and Commission rules.
11. 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, provided with 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. Entry of an Order consistent with the Agreement shall not be regarded as a binding, holding or precedent as to the appropriateness of any principle or methodology 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 11th day of September 2015.

PUBLIC UTILITY COMMISSION OF TEXAS



DONNA L. NELSON, CHAIRMAN



KENNETH W. ANDERSON, JR., COMMISSIONER



BRANDY MARTY MARQUEZ, COMMISSIONER

DOCKET NO. 45029

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

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 PURA¹ § 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.


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

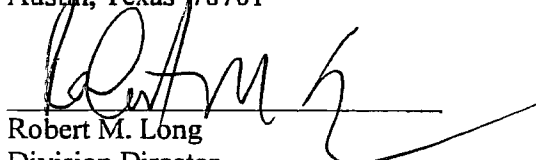
final order acting on this Agreement. Failure to provide such notice within the specified time period shall constitute a waiver of the right to withdraw and acceptance of the material changes to this Agreement made by the Commission.

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

Date: 8/5/15


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

Date: 8/7/15