

Support HB 3457 by Flynn to Allow SWEPCO to Replace Generation and Meet EPA Requirements

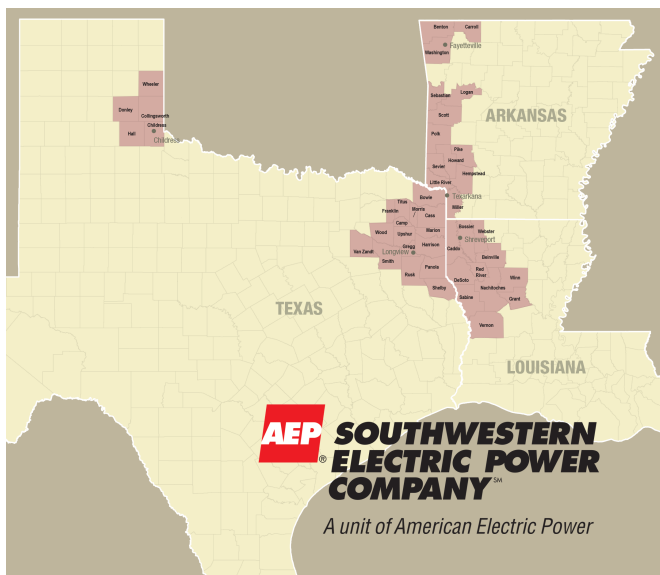
HB 3457 is a local bill that applies specifically to Southwestern Electric Power Company (SWEPCO). All House members whose districts are served by SWEPCO support HB 3457 as either authors or co-sponsors.

The Issue: SWEPCO may be required to retire 30 percent of its electric generation capacity to meet EPA requirements.

- HB 3457 would provide SWEPCO the flexibility it needs to manage the risk of forced early retirement of over 30 percent of its electric generation capacity. The forced retirement would be caused by the EPA's Clean Power Plan.
- SWEPCO is completing a \$750 million retrofit of its power plants to comply with EPA's recent Mercury & Air Toxics (MATS) mandate.

Under HB 3457, securitization would allow SWEPCO to move more quickly and at a significantly lower cost to replace any lost generating capacity

- The PUCT has extensive experience with overseeing the securitization of stranded utility assets, such as during ERCOT's transition to competition and recent hurricane storm recovery efforts along the gulf coast.
- SWEPCO's use of securitization would be subject to full oversight by the PUCT.
- SWEPCO would only be allowed to use securitization to recover stranded costs in plants that the PUCT has confirmed would be shut down by EPA's Clean Power Plan.



Southwestern Electric Power Company (SWEPCO) is a wholly owned subsidiary of American Electric Power Company.

SWEPCO operates in the Southwest Power Pool in Texas, Louisiana and Arkansas, including 15 counties in Northeast Texas and 5 counties in the Texas Panhandle