

BEFORE THE  
LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: APPLICATION OF SOUTHWESTERN  
ELECTRIC POWER COMPANY FOR THE  
CERTIFICATION AND APPROVAL TO CONSTRUCT THE DOCKET NO. U-\_\_\_\_\_  
HALLSVILLE NATURAL GAS PLANT AND TO CONVERT  
WELSH UNITS 1 AND 3 TO NATURAL GAS, IN  
ACCORDANCE WITH THE MBM ORDER AND THE  
COMMISSION'S 1983 ORDER

DIRECT TESTIMONY OF  
  
NOAH K. HOLLIS  
  
FOR  
  
SOUTHWESTERN ELECTRIC POWER COMPANY

DECEMBER 2024

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1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

3 A. My name is Noah K. Hollis, and I am employed by American Electric Power Service  
4 Corporation (AEPSC) as Vice President of Finance and Treasury, and Assistant  
5 Treasurer. AEPSC, a wholly owned subsidiary of American Electric Power Company,  
6 Inc. (AEP), provides centralized professional and other services to subsidiaries of AEP,  
7 including Southwestern Electric Power Company (SWEPCO or the Company). My  
8 business address is 1 Riverside Plaza, Columbus, Ohio 43215.

9 Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND AND  
10 BUSINESS EXPERIENCE.

11 A. I earned a Bachelor of Science in Business Administration in Transportation and  
12 Logistics from The Ohio State University in 1996. I earned a Master of Business  
13 Administration with a concentration in Banking and Finance and Operations  
14 Management from the Weatherhead School of Management at Case Western Reserve  
15 University in 2003.

16 I joined AEPSC as a Credit Risk Analyst in AEP's Credit Risk Department in  
17 June 2003. In 2005, I transferred to the Corporate Finance Department as a Senior  
18 Financial Analyst. In 2007, I was promoted to the Strategic Initiatives Group as an  
19 Associate. In December 2010, I transferred into AEP Transmission as a Manager of  
20 Business Development. In 2013, I transferred to Manager of Project Portfolio and  
21 Strategic Initiatives in AEP Transmission. In 2016, I was promoted to Corporate  
22 Finance Manager in the Corporate Finance Department with Treasury and Risk. In  
23 October of 2020, I was promoted to Director of Corporate Finance. In April of 2023, I

1 was promoted to Managing Director of Corporate Finance, and in April of 2024, I was  
2 promoted to my current position.

3 Q. HAVE YOU PREVIOUSLY TESTIFIED IN PROCEEDINGS BEFORE  
4 REGULATORY BODIES?

5 A. Yes, I have presented testimony on behalf of SWEPCO before the the Louisiana Public  
6 Service Commission (LPSC or Commission), Public Utility Commission of Texas, and  
7 the Arkansas Public Service Commission. I have also presented testimony on behalf  
8 of AEP Texas Inc. before the PUC; on behalf of Public Service Company of Oklahoma  
9 before the Oklahoma Corporation Commission; and on behalf of Indiana Michigan  
10 Power Company before the Indiana Utility Regulatory Commission. Finally, I have  
11 also provided testimony to the Federal Energy Regulatory Commission for Transource  
12 Energy, an AEP joint venture entity.

13 Q. WHAT ARE YOUR RESPONSIBILITIES WITH RESPECT TO SWEPCO?

14 A. I am responsible for recommending and executing the financing plans for SWEPCO as  
15 well as AEP's other operating companies. This includes all matters pertaining to the  
16 arrangement and procurement of both long-term and short-term financing to support  
17 the Company's operations and investment. This consists of advising the Company's  
18 officers on financial matters. More specifically, my duties include:

- 19 • representing the Company and leading its team on long- and short-term debt  
20 offerings by contacting and soliciting commercial and investment banks,  
21 including representing the Company before potential debt investors (in the case  
22 of long-term notes or bonds) and funding providers (in the case of commercial  
23 bank facilities);
- 24 • making decisions as to which institutions should be selected to represent the  
25 Company and arrange the Company's debt offerings;

- preparing and reviewing the offering documents used to market the Company's debt and working with the banks to evaluate the proposed pricing and terms of investors' offers for the Company's long-term debt;
- coordinating the Company's efforts to close and fund new debt transactions; and,
- recommending capital contributions or dividend distributions to manage the actual capital structure for the Company.

I am also responsible for banking relationships and managing the rating agency relationships and have oversight of the treasury operations functions.

## II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony serves two purposes. First, I address how SWEPCO intends to finance the investment in the construction of Hallsville Natural Gas Plant located in Harrison County, Texas, and the fuel conversion of the Welsh Power Plant located in Titus County, Texas (collectively, the Projects), that are the subject of this Application. Second, I describe the financial impact to SWEPCO's credit metrics and credit ratings of the investment in the Projects.

## III. FINANCING PLAN

Q. PLEASE DESCRIBE HOW SWEPCO INTENDS TO FINANCE THE PROJECTS.

A. SWEPCO manages the financial needs of its business as a holistic business entity. With the costs of the Projects being allocated to SWEPCO's three state jurisdictions and FERC-jurisdictional customers, SWEPCO's incremental financing need equates to approximately \$722.5 million. SWEPCO intends to finance the Projects in a manner that is consistent with its other capital additions. The Company intends to achieve this by employing cash flow from operations and a combination of both short-term debt

1 through the AEP Utility Money Pool in the near term and long-term debt, and equity  
2 contributions from its parent, AEP over the long-term.

3 Q. DOES SWEPCO PLAN TO UTILIZE EXISTING INDEBTEDNESS TO FUND THE  
4 PROJECTS?

5 A. No. SWEPCO intends to utilize the borrowing capacity that exists under its  
6 participation in the AEP Utility Money Pool, and then to the extent needed, enter into  
7 short-to-medium term bank loans to bridge the cash needs of the Projects with the plan  
8 to access longer-term capital in the public and private debt capital markets to finance  
9 the debt portion of the Projects. Since these Projects will fund over a period of time  
10 and are not “turn-key” with a large lump sum due upon closing, the funding of these  
11 investments with longer-term issuances of debt will occur over time as they would with  
12 any other capital investment.

13 IV. CREDIT RATING IMPACTS

14 Q. PLEASE GENERALLY DESCRIBE THE FINANCIAL IMPACT THE  
15 INVESTMENT IN THE PROJECTS WILL HAVE ON THE COMPANY.

16 A. SWEPCO has a total net property, plant, and equipment of \$8.79 billion as of June 30,  
17 2024. At the close of this transaction, SWEPCO is expected to add an additional \$722.5  
18 million related to the investment in the Projects, which is an increase of approximately  
19 8.2%. Thus, the investments in the Projects, although sizable, will be made over time  
20 and do not represent a significant burden for SWEPCO.

1 Q. WILL THE INVESTMENT IN THE PROJECTS BE SUPPORTIVE OF THE  
2 COMPANY'S CURRENT CREDIT RATINGS?

3 A. Yes. Again, these investments will be like any other capital investment at SWEPCO  
4 and will be funded during construction as would any other investment. As described  
5 above, funding will be arranged to maintain SWEPCO's financial integrity and its  
6 existing Moody's Baa2 credit rating. Further, as stated in Company witness Melissa  
7 A. Gage's Direct Testimony, the Company intends to seek timely recovery of the  
8 Project investment which would further support the existing credit ratings of the  
9 Company. Therefore, I do not see the investment in the Projects negatively impacting  
10 SWEPCO's credit ratings, but rather supporting the existing ratings.

11 V. CONCLUSION

12 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

13 A. Yes, it does.