

BEFORE THE ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
OKLAHOMA GAS AND ELECTRIC COMPANY)	
SEEKING A DECLARATORY ORDER FINDING)	DOCKET NO. 17-030-U
ITS MUSTANG GENERATION PLANT)	
MODERNIZATION PLAN IS CONSISTENT)	
WITH THE PUBLIC INTEREST)	

**TESTIMONY OF SARAH PAGE TACKER
SUPPORTING THE PROPOSED SETTLEMENT AGREEMENT**

**on behalf of
THE OFFICE OF ARKANSAS ATTORNEY GENERAL LESLIE RUTLEDGE**

December 6, 2017

DOCKET NO. 17-030-U

SETTLEMENT TESTIMONY OF SARAH PAGE TACKER

Q. Please state your name, position, and business address.

A. I am Sarah Tacker. I am Senior Assistant Attorney General in the Public Protection Department of the Office of Arkansas Attorney General Leslie Rutledge. My business address is 323 Center Street, Suite 200, Little Rock, Arkansas 72201.

Q. Are you the same Sarah Tacker who filed Direct Testimony in this docket on November 15, 2017?

A. Yes. My education and qualifications are stated in that testimony.

Q. On whose behalf are you appearing?

A. I am appearing on behalf of the Office of Arkansas Attorney General Leslie Rutledge's Consumer Utilities Rate Advocacy Division ("the AG"). I will present the AG's positions and recommendations in regard to the proposed Settlement Agreement ("Agreement") among the parties in this proceeding.

Q. What is the role of the Attorney General in these proceedings?

A. The Attorney General, through the CURAD, is charged by statute with representing the interests of Arkansas ratepayers in utility-related matters.¹ In that capacity, the AG participates in proceedings before the Commission to try and ensure a result that keeps utility rates to the lowest reasonable level.²

¹ Ark. Code Ann. § 23-4-301, *et seq.*

² Ark. Code Ann. § 23-4-305(3).

1 **Q. Would you summarize the AG's overall recommendation**
2 **regarding the Agreement?**

3 A. The AG recommends that the Commission approve the Agreement as
4 being in the public interest.

5 **Q. What is the background of the Agreement?**

6 A. On August 15, 2017, Oklahoma Gas and Electric Company ("OG&E" or
7 "the Company") filed an application with this Commission seeking a
8 declaratory order finding that its plan to retire the Units 1-4 at the
9 Mustang Plant and replace that capacity with seven natural gas-fired,
10 quick start, combustion turbines ("CTs) at the existing site ("the
11 Mustang Plan")³ is in the public interest.

12 Both General Staff and the AG filed Direct Testimony on November 15,
13 2017. After those filings, the parties initiated discussions regarding the
14 possible settlement of this docket. The Agreement is the product of
15 those discussions.

16 **Q. Are you familiar with the terms of the Agreement?**

17 A. Yes, I am. I reviewed the initial filing and supporting testimony, filed
18 direct testimony in this docket, and actively participated in the
19 settlement discussion. I have carefully read the Agreement.

20 **Q. Would you please briefly describe the terms of the Agreement?**

21 A. The Agreement supports OG&E's application for a declaratory
22 judgment that the Mustang Plan is in the public interest.

23

³ OG&E's Application, p. 2, ¶ 4.

1 **Q. Does the Agreement address the concerns raised by the AG in**
2 **this docket?**

3 A. Yes. The Agreement addresses the concerns raised by the AG in the
4 following ways:

5 1. The testimony of Kevin Woodruff, on behalf of the AG, stated that
6 construction of the CTs is reasonable under the circumstances. As
7 such, the Agreement's support of the Mustang Plan is consistent
8 with his Direct Testimony.

9
10 2. The AG, similar to the General Staff, expressed deep concern that
11 OG&E failed to comply with an Arkansas-specific rule requiring
12 pre-approval of construction, such as the Mustang Plan, prior to
13 commencement of that construction.⁴ The Agreement calls for a
14 unique solution to this Arkansas-specific statute, providing a credit
15 to ratepayers of \$300,000 per year for four years, with a total
16 monetary assessment of \$1.2 million.

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18 This resolves both of the AG's concerns triggered by OG&E's failure
19 to follow the statute. First, this monetary assessment, benefitting
20 OG&E's Arkansas ratepayers, partially compensates the ratepayers
21 for the opportunity they were denied in not allowing for
22 Commission review of the application prior to commencement of
23 construction. Second, this ratemaking adjustment demonstrates to
24 other jurisdictional utilities in Arkansas that Commission pre-
25 approval of construction of a power-generating facility will be
26 strictly enforced in Arkansas.

⁴ The applicable language is found at Ark. Code Ann. §§ 23-18-104(a). It requires that no "utility subject to the jurisdiction of the Arkansas Public Service Commission shall commence construction of any power-generating facility to be located outside of the boundaries of this state without the express written approval of the commission.

1

2 **Q. Do you believe the Agreement is in the public interest?**

3 A. Yes, I do.

4 **Q. Does this conclude your testimony?**

5 A. Yes. Thank you.

CERTIFICATE OF SERVICE

I, M. Shawn McMurray, certify that on this 6th day of December, 2017, I filed a copy of the foregoing utilizing the Commission's Electronic Filing System, which caused a copy to be served upon all parties of record via electronic mail.

/s/ M. Shawn McMurray
M. Shawn McMurray