

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF)
OKLAHOMA GAS AND ELECTRIC COMPANY) Case No. PUD2025-000038
FOR COMMISSION PREAPPROVAL OF NEW)
GENERATION CAPACITY PURSUANT TO)
17 O.S. § 286(C) AND RIDER COST RECOVERY)

Direct Testimony

of

John P. Laws

on behalf of

Oklahoma Gas and Electric Company

May 19, 2025

John P. Laws
Direct Testimony

1 Q. **Please state your name and business address.**

2 A. My name is John P. Laws. My business address is 321 North Harvey, Oklahoma City,
3 Oklahoma 73102.
4

5 Q. **Please summarize your professional qualifications and educational background.**

6 A. I have over 25 years of experience in executive leadership, with a proven track record in
7 corporate strategy, corporate finance, and corporate development to include negotiations
8 with counterparties on matters such as strategic commercial contract arrangements, asset
9 portfolio construction, capital formation and mergers and acquisitions.

10 Previously, I served in the Cabinet of Governor J. Kevin Stitt as Secretary of Budget
11 and State Chief Financial Officer. In this capacity, I advised Governor Stitt and his
12 administration on state policy, fiscal strategy, and legislative matters among other duties.

13 Prior to that role, I was employed by Enable Midstream Partners, LP, and its
14 predecessors, where I held several leadership positions, most recently as Executive Vice
15 President, Chief Financial Officer, and Treasurer. In that role, my responsibilities included
16 overseeing finance, treasury, accounting, external reporting, internal audit, investor
17 relations, and risk management functions.

18 Prior to Enable Midstream, I served as Director of Corporate Development at OGE
19 Energy Corp. In that role, I evaluated strategic alternatives for certain assets, developed
20 business strategies and negotiated asset acquisitions, including the OU Spirit wind
21 generation facility and the Redbud combined-cycle gas-fired power plant.

22 Earlier in my career, I had experience as a principal investor with Hunt Private
23 Equity Group, Inc., a Dallas, TX-based private equity firm, where I originated, evaluated,
24 and executed leveraged buyout and growth capital investment opportunities on behalf of
25 the firm. I began my career with Arthur Andersen LLP, where my duties included
26 performing valuation analyses for public and privately-held business interests.

27 I earned a Master of Business Administration from the McCombs School of
28 Business at The University of Texas at Austin and a Bachelor of Business Administration
29 in Finance from the University of Oklahoma.

1 Q. **By whom are you employed and in what capacity?**

2 A. I am retained by Oklahoma Gas and Electric Company (“OG&E” or “Company”) as a
3 consultant. In my role as a consultant, I have assisted and advised OG&E with certain
4 elements of the 2024 All Source RFP process, specifically contract negotiations for
5 resources that were selected for further negotiations. I am also assisting the Company with
6 evaluating the terms pursuant to which new, extra-large load prospective customers may
7 be served.

8

9 Q. **Have you testified previously before this Commission?**

10 A. No, I have not.

11

12 Q. **What is the purpose of your testimony?**

13 A. The purpose of my testimony is to describe the situation OG&E is facing today regarding
14 resource adequacy, certain considerations related to the addition of new, extra-large load
15 customers to the OG&E system, and a discussion of those considerations as it relates to
16 certain customers seeking service from OG&E. In addition, I will discuss the real-world
17 implications of the IRP and RFP processes today and explain why it would benefit all
18 stakeholders to evaluate some improvements in the future.

19

20 **UNPRECEDENTED LOAD GROWTH AND CAPACITY NEEDS**

21 Q. **Please describe the situation OG&E is facing today regarding resource adequacy and
22 prospective customers.**

23 A. Based on OG&E’s 2024 IRP and confirmed by the updated 2025 IRP Update Draft, OG&E
24 has significant generation capacity needs in the near term as well as the long-term planning
25 horizon. This is a continuation of a trend that was previously demonstrated in the OG&E’s
26 2021 IRP. As described by Company witness Riley, OG&E is working to address its
27 capacity needs as quickly and efficiently as possible; however, SPP requirements continue
28 to evolve and unprecedented potential load growth from new, extra-large load customers
29 are expected to push OG&E’s capacity requirements even higher. These developments
30 limit the effectiveness of short-term capacity purchases to satisfy what are emerging as
31 long-term resource adequacy requirements.

1 Later, I will highlight how OG&E is working with one extra-large load customer
2 (“Customer X”) that is included in the Company’s current capacity need and one new,
3 prospective extra-large load customer (“Customer Y”) that is not included in the
4 Company’s current need for capacity as illustrative examples of these new customer
5 profiles. It is imperative that the Commission understands the weight and complexity of
6 OG&E’s decisions with respect to serving these new customers, but also the potential
7 benefits that the new load growth presents to OG&E’s customers and the state of
8 Oklahoma. OG&E makes each decision with the long-term benefits to its customers in
9 mind, and this case is no different. As OG&E steps into unprecedented new demand
10 growth from extra-large load customers, it must work to protect existing customers and
11 preserve a sustainable business model for the long-term benefit of all stakeholders.

12
13 **Q. Does OG&E continually assess additional prospective loads that are interested in**
14 **taking service from OG&E?**

15 **A.** Yes. The Company fields service requests from a wide variety of customers. OG&E is
16 experiencing an incredible shift in the size of the large loads requesting service in
17 Oklahoma, specifically from OG&E. As I understand, in the past, prospective customers
18 looking to locate in Oklahoma have been 50 MW or less with very limited exceptions.
19 These loads mainly were in the manufacturing and oil and gas industries.

20 The changes in recent prospective loads are unprecedented; both in the sheer size
21 and the volume of requests. In the last several years, I understand OG&E has seen requests
22 for loads in the hundreds or even thousands of MWs for a single customer. It is important
23 to note these prospective customers come from a variety of industries such as
24 manufacturing, refineries, federal, data centers, and crypto currency. Even if one industry
25 type slows down, the Company has other industries that still require additional resources
26 to serve.

27
28 **Q. What are the challenges to providing service to these prospective customers?**

29 **A.** Due to the size and quantity of prospective customers as well as the Company’s current
30 generation portfolio and capacity levels, it is difficult for OG&E to finalize agreements
31 with new large customers when it does not have line of sight to large generation capacity

1 additions. OG&E needs to partner with the Commission to expedite and facilitate
2 approvals of new generating capacity so that OG&E can meet this unprecedented load
3 growth. Without Commission approval on the Company's vision of how it should
4 approach these unprecedented loads, economic development in Oklahoma (and the job
5 growth and tax revenues that comes with it) could be expected to be hindered by delays in
6 the ability to provide electric service.

7
8 **Q. What do extra-large load customers seek when they inquire about taking service from**
9 **OG&E?**

10 A. Given that OG&E has some of the most competitive energy prices in the country as well
11 as a reputation for safe and reliable operations, its service area screens favorably for new
12 prospective large load customers relative to other energy markets. Following that initial
13 screening, the most important questions from prospective large loads looking to locate to
14 Oklahoma are when OG&E can serve them and at what cost. Some customers express a
15 need for power immediately, and some have ramp up schedules that OG&E can work with
16 to deliver the needed power over time. The Company is now having conversations with
17 potential new loads that could translate to a level of incremental electric demand that is
18 unprecedented for OG&E – loads it does not currently have the capacity to serve. This
19 leads to very much a “Chicken and Egg” problem – OG&E needs the capacity to bring the
20 load to Oklahoma, and it has historically needed the load to justify the need for capacity.

21
22 **Q. Please further explain the “Chicken and Egg” scenario OG&E is facing.**

23 A. The state of Oklahoma has been attracting new business investment that brings with it
24 large, new electric load. With OG&E being short on capacity, these new potential
25 customers will require significant generation and transmission investment as well as other
26 long-term financial commitments for the Company to provide electric service. Again,
27 OG&E needs commitments from prospective large load customers to acquire additional
28 capacity to serve them. On the other hand, prospective large load customers will not
29 commit to taking service from OG&E until it can demonstrate that it has, or will have, the
30 capacity to be able to serve them in a timely manner and the cost of service is reasonably

1 known. If OG&E could have excess capacity, it would have more ability to convert these
2 prospective customers into actual customers, to the benefit all customers.

3 However, OG&E is not asking for surplus capacity in this case. In fact, the
4 resources OG&E is requesting in this case do not completely cover its capacity shortfall.
5 OG&E realizes this “Chicken and Egg” problem needs to be carefully addressed but wants
6 to make the Commission aware that resource adequacy has become much more complex
7 than it has been in the past. Serving these new, extra-large loads is a new paradigm in the
8 electric industry, not just for OG&E. This paradigm shift calls for resource adequacy to be
9 addressed differently today than it has been historically. OG&E needs to continue to
10 prepare for the future and make prudent decisions with the support of the Commission that
11 will benefit all customers, and the State of Oklahoma.

12
13 **Q. How does this “Chicken and Egg” problem impact Oklahoma’s economic
14 development?**

15 A. It is extremely important from an economic development perspective to have enough
16 capacity to serve prospective customers, or a process to get new capacity approved quickly.
17 Companies looking to expand or relocate will be drawn to areas where utilities can easily
18 meet their energy needs in a timely manner. As new businesses establish themselves and
19 existing ones expand, they create jobs and increase local spending. This, in turn, stimulates
20 further economic activity, leading to more opportunities for growth and development such
21 as additional investments in transportation, housing and other infrastructure, which will
22 generally accrue to the benefit of the broader economy, creating the opportunity for a cycle
23 of growth. Without excess capacity or an expedient regulatory process, the progress of
24 economic development could be hindered.

25
26 **Q. Do you have any examples of the challenges of meeting specific customer loads?**

27 A. Yes. OG&E was approached by Customer X as it sought to locate multiple sites in
28 Oklahoma. OG&E began dialogue with Customer X with the goal of providing service to
29 Customer X, while working to mitigate the impact of that service on all other customers
30 and the Company. Customer X forecasts its load to reach approximately 1 GW in a little
31 more than five (5) years across multiple sites. The load at each of the sites is expected to

1 be taken at a high load factor and will not be subject to voluntary load reduction. With the
 2 magnitude and intensity of this load, OG&E must ensure that it will have the generation
 3 capacity to adequately serve the load of Customer X as well as all existing customers
 4 reliably and safely. Customer X's load is reflected in OG&E's capacity need, but OG&E
 5 still needs an improved and expedited process for approval of capacity additions.

6 Another example is Customer Y, a prospective customer that is in the midst of a
 7 site selection process that includes Oklahoma, as well as other states for a new facility.
 8 Customer Y forecasts its load to reach more than 1.5 GW in less than five (5) years from
 9 the date that it begins to take electric service. In addition to utility load, this prospective
 10 customer expects to add hundreds of long-term jobs to the state. This customer has
 11 indicated that one of the most important elements of its decision is certainty of electric
 12 service to meet its needs. OG&E has concerns with the long timeline of IRP, RFP, and
 13 pre-approval processes that make it challenging to give customers the certainty they
 14 require. OG&E would require the support of the Commission to act on an expedited
 15 timeline to implement a generation plan to serve customers like Customer Y on their
 16 desired timelines.

17
 18 **REAL-WORLD IMPLICATIONS OF THE IRP AND RFP PROCESS**

19 **Q. What observations do you have regarding the real-world implications of the current**
 20 **IRP and RFP processes?**

21 **A.** From my perspective, the process of identifying a need in an IRP, followed by a lengthy
 22 competitive solicitation process ("RFP"), and then a preapproval application, creates too
 23 much uncertainty for new customers looking to come to Oklahoma. Together, these
 24 processes can take approximately 2 years before contracts can be finalized with the
 25 approval of the Commission. The RFP process as outlined in OAC 165:35-34, aims to
 26 provide for a process that best serves the public interest of electricity consumers and to
 27 complement and improve the state's economic growth, among other things. OG&E is
 28 aligned with these key tenets; however, the detailed application of the process seems to
 29 limit the Company's ability to be as responsive as what is required by the marketplace. I
 30 will elaborate on a few of the elements of the process that created challenges for the
 31 Company in this most recent All-Source RFP.

1 **Time-Consuming Nature of the Process:** The RFP process involves multiple stages,
2 including preparation, issuance, evaluation, and negotiation. This can lead to extended
3 timelines, delaying project selection, certainty, initiation, and completion. For instance,
4 the preparation and review of detailed proposals can take several months, which can be a
5 significant drawback in fast-paced, competitive markets. The opposing forces of these
6 dynamics – extended timelines and competitive markets – can lead to situations where bids
7 can become stale quickly.

8 First, the requirement for OG&E to issue an all source RFP resulted in a vast
9 number and types of RFP submissions, which led to a complex evaluation process that took
10 significant time to complete. In addition to the number of bids received and the contract
11 types submitted for evaluation, other elements added to the complexity in the evaluation
12 process. These elements included differing contract lengths, generation technologies
13 utilized, and in-service timing. These elements are discussed in greater detail by Company
14 witnesses Kelly Riley and Matthew Schuermann. This process is very different than using
15 the IRP process to develop the best resource type to meet the need and then soliciting the
16 market for the best available options for that type of resource. This approach, for example,
17 would allow for a more streamlined “apples to apples” comparison.

18 Next, because developers are seeking to increase the likelihood of developing their
19 projects, they may bid into multiple RFPs or actively market their project to other off-
20 takers while their bid is under consideration by the Company. This leads to uncertainty for
21 the utility, even after a project is selected for negotiation. OG&E experienced this exact
22 situation in its most recent RFP where one project selected for further negotiation
23 ultimately withdrew its bid because it received enhanced economics on a faster timeline
24 from a non-regulated utility.

25 In terms of additional market factors, the volatility of tariffs and potential changes
26 to the Inflation Reduction Act (“IRA”) may impact project cost and in-service timing. This
27 has introduced price uncertainty into the costs for a selected resource, particularly those
28 slated for new construction. Bidders have and continue to raise issues regarding how to
29 address these price risks.

1 **Contract Finalization to Implement Successful Bids:** As the bids selected for further
2 negotiation reflect a range of resources and contract types, the process to finalize the
3 contracts effectively puts each contract with each counterparty on a separate timeline. In
4 this RFP, certain counterparties introduced new pricing soon after being notified of a
5 successful bid. For example, one bidder claimed it had underestimated its costs and
6 proposed a significant price revision once the parties began to discuss the definitive
7 documentation. For those projects that have been submitted as part of this case, the
8 Commission will see that there are different considerations that needed to be addressed
9 through the process of finalizing the contracts necessary to implement the bid.

10
11 Q. **Is OG&E recommending any changes to the RFP process in this proceeding?**

12 A. Not at this time. OG&E is not recommending any changes in this case as it is not the
13 proper venue. OG&E wanted to make the Commission aware of the challenges it has faced
14 throughout the 2024 All Source RFP process. These challenges are ongoing, and the
15 Commission may want to address them in future proceedings.

16
17 Q. **Does this conclude your testimony?**

18 A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that on the 19th day of May 2025, a true and correct copy of the foregoing was electronically served via the Electronic Case Filing System to those on the Official Electronic Case Filing Service List, or via electronic mail to the following persons:

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