

BEFORE THE CORPORATION COMMISSION OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF)
OKLAHOMA GAS AND ELECTRIC COMPANY)
FOR AN ORDER OF THE COMMISSION)
AUTHORIZING APPLICANT TO MODIFY ITS)
RATES, CHARGES, AND TARIFFS FOR RETAIL)
ELECTRIC SERVICE IN OKLAHOMA)

CAUSE NO. PUD 201500273

FILED
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CORPORATION COMMISSION
OF OKLAHOMA

Rebuttal Testimony

of

Jarod Cassada

on behalf of

Oklahoma Gas and Electric Company

April 11, 2016

Jarod Cassada
Rebuttal Testimony

I. INTRODUCTION

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

3 A. My name is Jarod Cassada. My business address is 3220 South High Avenue, Oklahoma
4 City, Oklahoma 73129.

5
6 Q. **Are you the same Jarod Cassada who filed direct testimony in this Cause?**

7 A. Yes.

8
9 Q. **What is the purpose of your rebuttal testimony?**

10 A. I will rebut the assertions of Attorney General (“AG”) witness Kevin J. Mara, Oklahoma
11 Industrial Energy Consumers (“OIEC”) and Oklahoma Energy Results LLC (“OER”) witness
12 Mark Garrett, and Commission Public Utility Division Staff (“Staff”) witness
13 Bob Thompson.

14
15 II. AG WITNESS RECOMMENDATIONS

16 Q. **Do you agree with AG witness Mara’s six (6) recommendations on page 7 of his
17 responsive testimony?**

18 A. I do not agree with all of AG witness Mara’s recommendations; below I will address each
19 one.

20
21 Q. **Please address recommendation one (1).**

22 A. AG witness Mara’s first recommendation is that *OG&E adhere to the mandated four-*
23 *year trim cycle* for distribution.¹ The Company agrees with maintaining a four year
24 cycle, but does not agree with the methodology witness Mara proposes to implement a
25 four year cycle. Specifically, the Company does not agree with witness Mara that the
26 Company should continue with the two-tier cycle.

¹ Witness Mara does not make any recommendations with regard to Transmission or Substation Vegetation Management.

1 Q. **Please explain what witness Mara means by a two-tier cycle.**

2 A. Beginning in 2014, OG&E categorized circuits in two ways. Category 1 circuits are
3 cleared on the 4-year cycle employing the same line clearance guidelines procedures as in
4 years' past. Category 2 circuits are placed on an inspection and response schedule
5 designed to complement the cycle. Only immediate reliability concerns are addressed on
6 category 2 circuits. See Exhibit JC-1 for a graphic of how Category 1 and 2 differ.

7
8 Q. **Does OG&E believe it should continue such practices?**

9 A. No, the reason OG&E is proposing an increase in vegetation management is to get away
10 from giving priority to some circuits over others. OG&E believes that a four year, end-
11 to-end cycle should be applied to all circuits and should no longer have to be more
12 reactive for certain circuits.

13
14 Q. **Please address recommendation two (2).**

15 A. Witness Mara's second recommendation is that *OG&E maintain the two-tier trimming*
16 *system recognizing the differences between urban and rural feeders, which have very*
17 *different vegetation issues.* The Company does not agree with the continuance of the
18 two-tier system and the purpose of the requested funding by OG&E is to clear overhead
19 lines end-to-end on a reoccurring, four year cycle. Further, OG&E takes exception to any
20 inference that rural customers should not enjoy the same reliability as urban customers.
21 Additionally, I would note that nowhere in my direct testimony did I indicate the
22 category one and two have an urban or rural connotation.

23
24 Q. **Witness Mara, on page 10 of his responsive testimony, states that "the shift to a two-**
25 **tier system appears to have occurred prior to 2014". Is this correct?**

26 A. No. The Company believes that witness Mara misinterpreted one of the work papers
27 provided. The Company began the two-tier system in 2014 realizing it would not be
28 possible to maintain all of the distribution circuits end-to-end with current funding levels
29 approved by the Commission.

1 Q. **Can you comment on the accuracy of AG witness Mara's chart on page 11?**

2 A. Yes. The chart attempts to show the categories of line miles trimmed from 2008-2015.
3 As stated above, Mara's chart is based on a misinterpretation of work papers provided.
4 The work paper provided in response to data request AG 1-3 was designed to show the
5 current circuit categories and OG&E's four year plan to work those circuits in the future;
6 it was not meant to give a complete history of work performed on those circuits in the
7 past. It is not possible to assign a category prior to 2014 as is done in the chart because
8 OG&E was not operating on a two-tier system. I believe witness Mara did not account
9 for the fact that circuits contained in the work paper may have been worked multiple
10 times.

11

12 Q. **Please address recommendation three (3).**

13 A. Mara recommends that *OG&E be required to file quarterly reports during each year to*
14 *report the progress of the Company's Vegetation Management Plan.* The Company
15 currently provides an annual report to the Commission. Witness Mara provides no
16 evidence that quarterly filings would improve efficiency, reliability or customer
17 experience. In addition, this represents additional administrative burden that would
18 require additional staffing and expense. Any additional expense should be focused on
19 maintaining safe, reliable electric service and not on administrative functions.

20

21 Q. **Please address recommendation four (4).**

22 A. Mara recommends *Reducing OG&E's budget for Distribution Cycle Trim by \$4,354,171.*
23 This recommendation is based upon a two-tier cycle, which the Company believes is not
24 in the best interest of the customer. A reduction of this amount forces the Company to be
25 more reactive and less preventative in its vegetation management practices. It also defers
26 more costs to future line clearance activities.

27

28 Q. **Please further elaborate on why this adjustment is not appropriate.**

29 A. OG&E does not support continuation of a two-tier program because it will result in lower
30 reliability and increase restoration times and future cost, as discussed in my direct
31 testimony. Witness Mara fails to account for increased non-cycle expenses associated

1 with a two-tier program and does not account for increased future expenses associated
2 with not performing preventative vegetation work on all circuits, such as brush control
3 and other non-reliability clearing. In fact, the document referenced in Mara's footnote 6,
4 *Best Practices in Vegetation Management for Enhancing Electric Service in Texas*, states
5 on page 4, 1.1.2. "...that deferral of vegetation management tended to be more costly in
6 the long run." Essentially, a two-tier program performs only reliability work on select
7 circuits (category 2). This defers removal, treatment, and control of vegetation that is not
8 deemed to be an immediate reliability concern in order to achieve *short-term cost control*.
9 Witness Mara states in his testimony on page 8, line 7 that an "advantage of having a 4
10 year cycle is to control the volunteer trees." That is one advantage that OG&E intends to
11 leverage through their request in this case.

12
13 Q. **Witness Mara, on page 17 lines 10-11 of his responsive testimony, states that**
14 **increases in tree-related outages have only occurred in 2015. Do you agree?**

15 A. No, this is incorrect. Tree related incidents have been increasing since 2012 and have
16 increased significantly since adopting the two-tier system in 2014. Chart 1 below shows
17 the number of tree-related incidents each year.

Chart 1: Tree-related Incidents

Year	Tree Incidents
2012	1,203
2013	1,448
2014	2,141
2015	2,585

18 Q. **Does OG&E have evidence to support the reliability benefits of an end-to-end cycle?**

19 A. Yes. In addition to Chart 1 above, Charts 4 and 5 in my direct testimony also showed
20 increasing frequency and duration associated with trees (excluding major storms) since
21 2012. The following, Charts 2 and 3, are updated to show data through the post-test-
22 year-period.

Chart 2

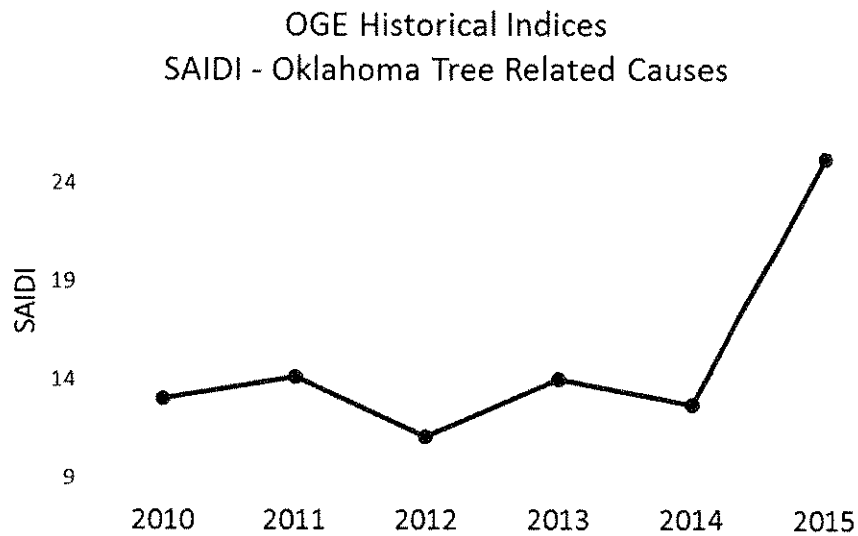
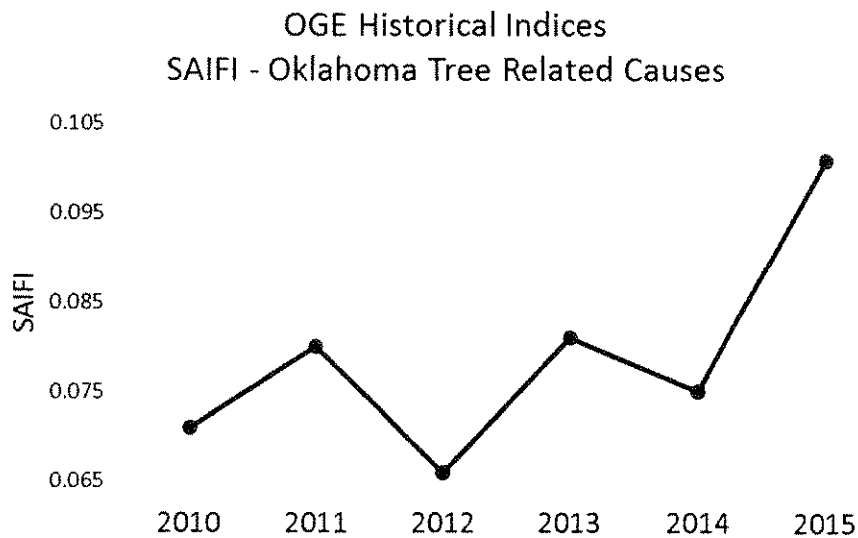


Chart 3

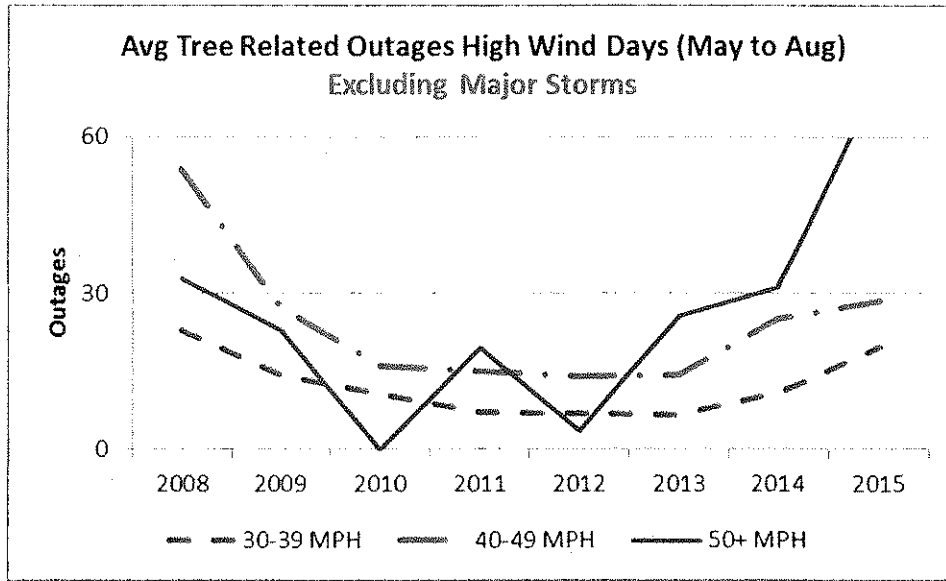


1 Q. Is there additional evidence, besides SAIDI and SAIFI, to support the reliability
2 benefits of an end-to-end cycle?

3 A. Yes. As stated in OAC 165:35-25-14(a)(5), utilities must take in to consideration wind as
4 an element in sustaining reliability. Chart 4 below, *Average Tree Related Outages on*
5 *High Wind Days (May to August)*, illustrates that OG&E is experiencing increased tree

1 related incidents due to high wind events. From 2009 to 2012 when OG&E was on an
2 end-to-end 4 year cycle, high wind days resulted in fewer tree related outages.

Chart 4



3 Q. **Please address recommendation five (5).**

4 A. Witness Mara recommends *Reducing OG&E's budget for the non-cycle work by*
5 *\$657,027* based on using an average over the past five years. This is a poor
6 recommendation for three reasons. First, as stated above, if OG&E continues the two-tier
7 system as advocated by witness Mara, non-cycle expenditures will increase thereby
8 making a reduction impractical. Witness Mara cannot have it both ways. The current
9 two-tier program virtually assures that all category 2 circuits will contribute to increased
10 non-cycle work since the circuit is not cleared end-to-end with a goal of keeping it clear
11 of vegetation for the full 4 years. Second, a 5-year average is not appropriate because
12 non-cycle expenditures prior to 2014 are lower than the test year. An average of
13 historical costs without practical adjustments is illogical. It does not fully account for
14 inflation, system expansion, or other changes to the system such as the expiration of
15 System Hardening. OG&E's proposed spending level assumes non-cycle cost for a
16 system in which all circuits are cleared on a 4-year cycle employing line clearance
17 practices similar to those used prior to 2014. Finally, as shown in the tables responding
18 to data request AG 7-15, attached herein as Rebuttal Exhibit JC-2, the total number of

1 vegetation requests received each year are increasing, which directly impacts non-cycle
2 costs and is indicative of the Company's struggles to meet NESC rule 218A1.

3
4 Q. **Please discuss recommendation six (6).**

5 A. Witness Mara recommends *Disallowing OG&E's proposed vegetation management*
6 *tracker*. Company witness Rowlett will discuss the tracker proposed in the Company's
7 direct filing.

8
9 Q. **Are there any other recommendations or statements in witness Mara's testimony**
10 **that appear inaccurate?**

11 A. Yes. I will elaborate below.

12
13 Q. **Witness Mara's asserts on page 12 line 8-10 of his responsive testimony, that from**
14 **2011-2015 OG&E performed vegetation management on only 8,520 distribution line**
15 **miles, amounting to just 46% of OG&E's total distribution lines.**

16 A. Witness Mara's assertion is incorrect. The Company does not believe the data provided
17 in the workpapers cited by AG witness Mara were correctly used in his analysis. The
18 data necessary to determine this figure was not provided, nor discussed in my direct
19 testimony. Prior to 2014, OG&E cycle work was not tracked by line miles but by
20 customers served by circuit. Therefore, it is difficult to use the data witness Mara used to
21 make a comparison.

22
23 Q. **Witness Mara states in his responsive testimony on page 13 lines 11-15, that System**
24 **Hardening was not intended to be used for distribution cycle trimming. Does**
25 **OG&E agree?**

26 A. No. System Hardening had two components including circuit hardening and aggressive
27 vegetation management. One part of the aggressive vegetation management was cycle
28 catch-up. In addition, the investment in aggressive removals and herbicide allowed
29 OG&E to control trees that would have been otherwise trimmed on the cycle.

1 Q. On pages 17 and 19 of his responsive testimony, AG witness Mara points to a fixed
2 clearance requirement applied to all distribution lines as not being cost effective.
3 Does OG&E utilize fixed clearance requirements?

4 A. No. OG&E has guideline clearances based on species growth rates, relative position to
5 conductors and voltage all of which the Company utilizes to plan a 4 year cycle, limit
6 cycle busters, and reduce non-cycle expenditures.

7

8 III. OIEC AND OER WITNESS GARRETT

9 Q. Do you agree with witness Garrett, who on page 55, line 9 of his responsive
10 testimony, asserts that OG&E has provided no support for an increase in
11 transmission line clearance costs?

12 A. No.

13

14 Q. Please explain the need for the requested increase in vegetation management on
15 transmission lines.

16 A. On page 7 of my direct testimony, I detail the increase in transmission line miles since
17 the last OG&E general rate case. As noted by witness Garrett this is a 15% increase in
18 line miles. However, Mr. Garrett did not acknowledge that this increase in line miles is a
19 60% increase in line miles covered under NERC FAC-003-3, these line miles have more
20 stringent vegetation management requirements and require more land area be maintained
21 per mile for vegetation issues (see Cassada direct testimony page 7, lines 7-8 and data
22 request AG 7-11, attached as Rebuttal Exhibit JC-3). The majority of the new
23 transmission lines built has not required vegetation management since the last rate case
24 because the right-of-way was cleared during construction and the first follow-up
25 application of herbicide post-construction was capitalized as part of the project.
26 Beginning in 2016, these new lines will now need to be maintained, resulting in the
27 requested increase.

1 Q. **Do you agree with witness Garrett's recommendations for distribution spending**
2 **levels?**

3 A. No. With respect to distribution spending, OG&E is requesting additional funding in this
4 case. The Company is making this request because current funding levels are inadequate.
5 Taking an average cost over time, as Garrett suggests, is a faulty approach because the
6 average includes funding levels that are too low to enable OG&E to clear circuits in a
7 manner our customers have come to expect and regulators require.

8

9

IV. STAFF RECOMMENDATIONS

10 Q. **Do you agree with Staff witness Thompson that a forward looking average is**
11 **inappropriate?**

12 A. No. Thompson states in his testimony page 25 line 21-22, that a forward looking 4 year
13 model provides a budgeted number that cannot be relied on with any certainty and that
14 the amount collected in calendar year 2015 is the lowest observed since 2009. This
15 statement ignores the fact that years prior to 2015 included the System Hardening rider
16 costs for vegetation management. These costs ended in 2014. When excluding System
17 Hardening costs from prior years, the Company actually spent more in 2015 than any
18 other year since 2009. As mentioned above, OG&E feels that an average of previous
19 years is a faulty approach that does not account for inflation, system expansion, or other
20 changes to the system. The forward looking model in my testimony provides a more
21 comprehensive accounting of what the Company should be recovering.

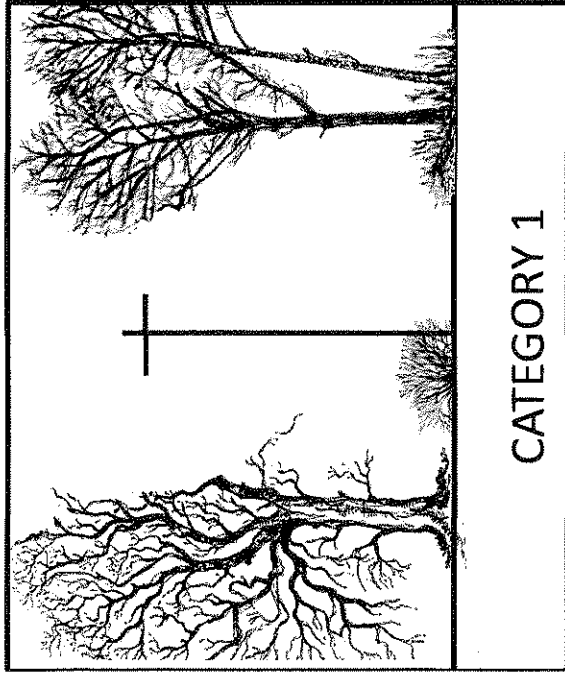
22

23 Q. **Does this conclude your rebuttal testimony?**

24 A. Yes.

The 2-Tier Line Clearance Program

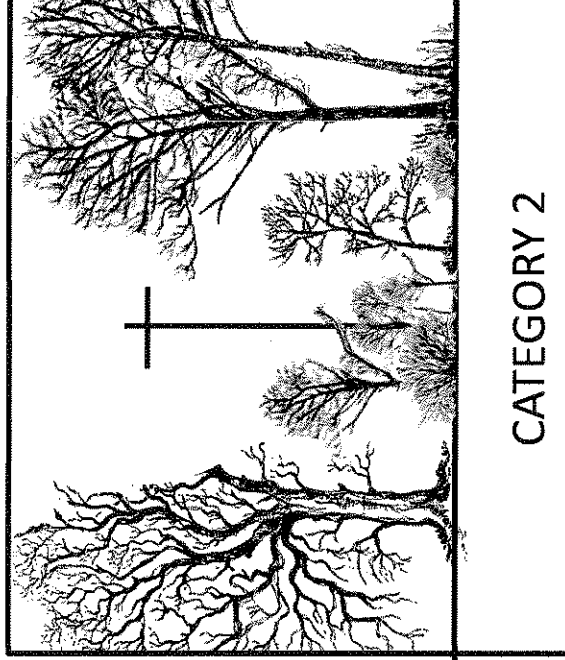
Rebuttal Exhibit JC-1



CATEGORY 1

Floor of easement is managed through mowing, removals and/or selective herbicides to control incompatible species and promote compatible vegetation that will prevent undesirable plants from establishing (cultural control). Branches are pruned for desired cycle length using correct pruning methods.

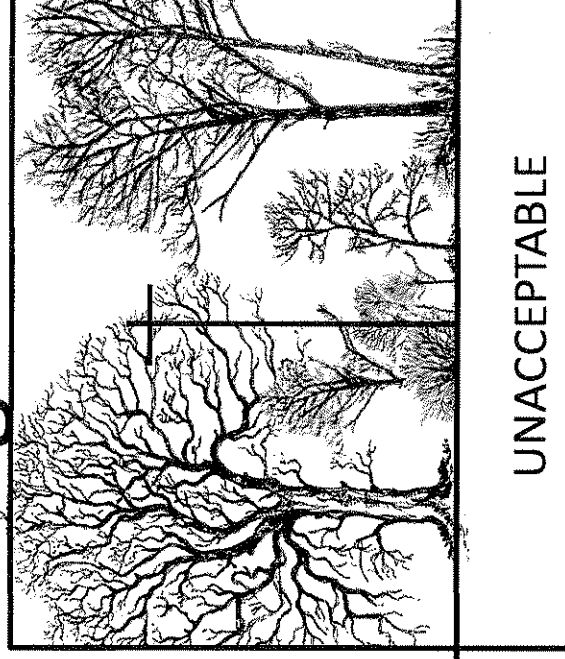
Provides best reliability, long-term cost management, and public safety.



CATEGORY 2

Interfering branches are pruned for desired cycle length using correct pruning methods. Branches that are not interfering are managed off-cycle if they become an issue.

Floor of easement is not cleared allowing brush to mature into trees that will add operational expenses in the next cycle and add to increased outage duration due to inaccessible equipment.



UNACCEPTABLE

Brush and branches interfere with product ability to deliver uninterrupted, reliable, safe electricity.

Attorney General
Data Request AG-7
Cause No. PUD 201500273

7-15 **Vegetation Management:** Mr. Cassada states on page 12, lines 1-13, “The Company experiences a growing volume of customer requests....may include the need to remove trees for customer construction projects and/or for trees that are dead and need to be made safe.” Please provide a detail breakdown of the costs for customer requests, including customer service representatives attending site visits with the customers, along with costs for trimming and removing trees for 2010, 2011, 2012, 2013, and 2014. Please provide the guidelines or training manuals used to determine which trees will be removed at OG&E’s expense and which trees are the responsibility of the customer to remove.

Response*: OG&E does not have a detailed breakdown in the format requested. Customer requests are handled as a “non-cycle cost” and the breakdown for non-cycle distribution costs for the years requested is as follows:

Year	Distribution Non-Cycle
2010	\$1,204,056
2011	\$1,214,410
2012	\$793,084
2013	\$1,494,018
2014	\$2,376,914

The following table indicates the number of vegetation requests processed by year. Each request is investigated and worked as required.

Year	Tickets Processed
2010	7203
2011	7259
2012	10884
2013	12295
2014	12703

Since 2010, OG&E has retained one contract individual dedicated to investigating customer requests in the Oklahoma City Metro area. Labor, truck, computer and phone is approximately \$95,000 per year. All other contract time associated with investigating

customer requests is captured as part of the "Distribution Non-Cycle" as are all costs associated with trimming or removing trees in response to those inquiries.

The guidelines for determining which trees are the responsibility of OG&E and which are the responsibility of the customer are found in the OG&E Guidelines for Vegetation Management (see Appendices for the specific year requested in the OG&E Annual reliability report submitted to the Oklahoma Corporation Commission Pursuant to OAC 165:35-25). The following excerpts are from the 2015 Reliability Report, Appendix E, Page 30-31:

Make-Safes

When OG&E receives a request from a customer, public entity or private tree contractor to assist in the removal of vegetation near power lines, if possible OG&E personnel will disconnect and temporarily remove service lines and reconnect the lines after the customer's arranged work is complete. If the vegetation to be removed involves power lines that cannot easily be dropped, only the vegetation necessary to "make-safe" the power lines shall be removed. Any brush resulting from the "make-safe" will be the responsibility of the customer.

Storm Damage Brush

All brush that is cut from a tree that is dead, has been uprooted, sustained any act of nature damage or received any kind of outside damage will be the customers' responsibility. Owner or its Contractor will work only to safeguard the line, i.e. removal of hazardous limbs or drop the lines for the customer may be necessary.

Response provided by:	<u>Jarod Cassada</u>
Response provided on:	<u>February 26, 2016</u>
Contact & Phone No:	<u>Sheri Richard 405-553-3747</u>

*By responding to these Data Requests, OG&E is not indicating that the provided information is relevant or material and OG&E is not waiving any objection as to relevance or materiality or confidentiality of the information or documents provided or the admissibility of such information or documents in this or in any other proceeding.

Attorney General
Data Request AG-7
Cause No. PUD 201500273

7-11 Vegetation Management: Mr. Cassada's Direct Testimony, page 7, lines 13-17, states "the increase of transmission line miles has contributed to a need for increased spending of approximately \$1.69 million resulting in approximately \$4.5 million total transmission request in this case." Based on this statement existing spending is \$2.81 million (\$4.5 million less \$1.69 million). Explain why an increase in line miles of 15% results in an increase in vegetation management of 60% (\$1.69 million divided by \$2.81 million).

Response*: Not all miles of transmission are the same. While the overall increase in miles is 15%, OG&E has expanded the 345kV-500kV system by 575 miles or 60%. As mentioned in testimony, page 7, lines 7-8, these lines are regulated by NERC FAC 003-3 which has explicit requirements around inspection and maintenance and has resulted in changes to the scope of work on existing facilities since the last rate case. The 345-500kV system also requires a much wider easement than the 69-161kV system. For example: A mile of 345kV easement has a footprint area of approximately 18 acres, while a mile of 138kV easement has a footprint area of approximately 12 acres. These differences may significantly increase costs depending upon the nature of the line mile. Other factors contributing to the increased vegetation management costs are higher contractor costs and additional substations.

Response provided by: Jarod Cassada
Response provided on: February 26, 2016
Contact & Phone No: Sheri Richard 405-553-3747

*By responding to these Data Requests, OG&E is not indicating that the provided information is relevant or material and OG&E is not waiving any objection as to relevance or materiality or confidentiality of the information or documents provided or the admissibility of such information or documents in this or in any other proceeding.