

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF)
OKLAHOMA GAS AND ELECTRIC COMPANY)
FOR COMMISSION PREAPPROVAL OF NEW) CASE NO. PUD 2023-000038
GENERATION CAPACITY PURSUANT)
TO 17 O.S. SECTION 286 (C))



RESPONSIVE TESTIMONY

OF

HANNAH R. HUBLER

AUGUST 31, 2023

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EXECUTIVE SUMMARY

1 On May 31, 2023, Oklahoma Gas and Electric Company (“OG&E” or “Company”) filed
2 its Application for preapproval of new generation capacity pursuant to 17 O.S. § 286(C).
3 The Public Utility Division (“PUD”) of the Oklahoma Corporation Commission
4 (“Commission”) reviewed the Application, the workpapers and testimony filed by OG&E
5 witnesses, and Final Order No. 696007 in Cause No. PUD 201800159. PUD issued data
6 requests and reviewed the responses provided by OG&E, as well as responses to data
7 requests issued by the intervenors to this Case. Additionally, PUD conducted virtual and
8 in-person audit conferences with OG&E personnel to discuss the areas under review in this
9 filing.

10 After review, PUD recommends the Commission allow the Company to pass the benefits
11 from State Investment Tax Credits (“ITC”) through to customers using the proposed
12 Generation Capacity Rider (“GCR”) tariff, until they are moved over to the existing Rider for
13 Tax Credits (“RTC”) tariff following the Company’s next base rate case. PUD agrees that
14 OG&E is in compliance with 68 O.S. § 2357.4, and benefits that ITCs will provide benefits
15 to customers for the first five years of the facility life.

INTRODUCTION

16 **Q: Please state your name and your business address.**

17 A: My name is Hannah R. Hubler. My business address is Oklahoma Corporation
18 Commission, Public Utility Division, Will Rogers Memorial Office Building, PUD Suite
19 414, P.O. Box 52000, 2401 North Lincoln Boulevard, Oklahoma City.

1 **Q: Have you previously testified before the Commission and were your qualifications**
2 **accepted?**

3 A: Yes, I have previously testified before the Commission and my qualifications were
4 accepted at that time.

5 **Q: How long have you been so employed?**

6 A: I have been employed by the Commission since May 2021.

7 **Q: What are your duties and responsibilities with PUD?**

8 A: I conduct research and perform comparative analysis of utility applications, reports,
9 financial records, and workpapers to ensure that PUD can make accurate recommendations
10 that are fair, just, reasonable, and in the public interest. My work focuses on reviewing
11 annual reporting, notice of intent to construct, and decommissioning for Wind Energy
12 facilities. For a complete list of my work history and educational background, please
13 review the attached curriculum vitae.¹

14 **PURPOSE**

15 **Q: What is the purpose of this Responsive Testimony regarding OG&E's Application for**
16 **preapproval of new generation capacity as filed in Case No. PUD 2023-000038?**

17 A: The purpose of this Responsive Testimony is to present PUD's review and recommendation
18 to the Commission concerning OG&E's proposal to pass the benefits from State ITCs through

¹ Exhibit HRH-1.

1 to customers using the proposed GCR tariff, until they are moved over to the existing RTC
2 tariff following the Company's next base rate case.

3 **PUD'S REVIEW PROCESS**

4 **Q: Please explain PUD's review process in this Cause.**

5 A: PUD reviewed Final Order 696007 in Cause No. PUD 201800159 and the Direct
6 Testimony and associated workpapers filed by Company witnesses. PUD issued data
7 requests and reviewed the responses, as well as the responses to data requests issued by
8 other parties to this Case. PUD conducted multiple audit conferences with the Company
9 to discuss the areas under review in this filing. During these audit conferences, PUD
10 analysts had discussions with the Company witnesses and reviewed documentation
11 requested both on an informal basis and through data requests.

12 **STATE INVESTMENT TAX CREDITS**

13 **Q: What is OG&E requesting in its Application?**

14 A: OG&E is requesting preapproval of new generation capacity pursuant to 17 O.S. § 286(C).
15 The Company is also requesting to pass the benefits from State ITCs through to customers
16 using the proposed GCR tariff, until they are moved over to the existing RTC tariff following
17 the Company's next base rate case.

18 **Q: What are State ITCs?**

19 A: Per 68 O.S. § 2357.4, State ITCs provide a tax credit to a facility based on depreciable
20 property. A facility that falls under this category can use this tax credit which provides a

1 one percent (1%) credit to the cost of the qualified property in the year the property is
2 placed in service.² Under ITC, a company can receive state tax credit on the greater of 1%
3 per year of investment for five years.

4 **Q: What requirements does OG&E need to meet to qualify for ITCs?**

5 A: Per 68 O.S. § 2357.4 the following is required to meet the one percent credit level for ITCs:

- 6 • If the tax credit is based on investment, there is a minimum investment level of
7 \$50,000.

8 **Q: How is the proposed ITC credit calculated, and does it follow the tax code?**

9 A: OG&E witness Jason J. Thenmadathil explains how the ITC calculation works. In his direct
10 testimony he states, “The state ITC is calculated by multiplying the asset cost by 1% per
11 year, ending after year five (5).”³ PUD agrees with OG&E that the calculation follows the
12 tax code.

13 **Q: Does Horseshoe Lake Combustion Turbine Project qualify for the State ITCs?**

14 A: Yes. OG&E’s investment is approximately \$330.5 million, which is greater than the
15 minimum investment requirement of \$50,000. The proposed project does qualify for State
16 ITCs.

² 68 O.S. § 2357.4 G (1).

³ Direct Testimony Jason Thenmadathil pg. 5 line 22.

1 **Q: How will customers benefit from the State ITCs?**

2 A: The customers benefit is approximately \$20 million dollars, and these ITCs will help
3 lower the cost of the project and therefore the company's revenue requirement.

4 **RECOMMENDATION**

5 **Q: What is the Public Utility Division's ("PUD") recommendation to the Oklahoma
6 Corporation Commission ("Commission") regarding Oklahoma Gas and Electric
7 Company's ("OG&E" or "Company") Application for preapproval of new generation
8 capacity as filed in Case No. PUD 2023-000038?**

9 A: PUD recommends the Commission allow the Company to pass the benefits for State
10 Investment Tax Credits through to customers using the proposed Generation Capacity Rider
11 tariff, until they are moved over to the existing Rider for Tax Credits tariff following the
12 Company's next base rate case. PUD agrees that OG&E is in compliance with 68 O.S. §
13 2357.4 and that the ITCs will provide approximately \$20 million of Customer benefits for
14 the first five years of the facility life.

I state, under penalty of perjury under the laws of Oklahoma, that the foregoing is true and correct to the best of my knowledge and belief.

Hannah Hubler

Hannah R. Hubler

Exhibit List

HRH-1

Curriculum Vitae

Curriculum Vitae

Exhibit HRH - 1

Contact

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Work Experience

Oklahoma Corporation Commission

August 2021 - Present

Regulatory Analyst, Public Utility Division

- Conduct research and perform analysis of utility applications, reports, financial records, and workpapers to ensure that PUD can make accurate recommendations that are fair, just, reasonable, and in the public interest.
- Lead Analyst in the following cases: PUD 202100130, PUD 202100059, PUD 202100158, PUD 2022-000087, PUD 2022000116, and PUD 2023-000045.
- Assisted the Lead Analyst on the following case: PUD 2022-000121.

Intern, Public Utility Division

May 2021 – August 2021

- Completed several special research projects for the Director of the Public Utility Division and the Energy Manager
 - Drafted Data Requests and testimony for Cause No. PUD 202100130
 - Attended all internal meeting and audit meetings from May through August for Cause Nos. PUD 202100055, 202100063, and 202100081
 - Conducted two trainings on wind energy and wind turbines for the Oklahoma Corporation Commission staff.
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Education

Texas Tech University

- Bachelor of Science in Wind Energy
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Case No. PUD 2023-000038
Certificate of Electronic Service

CERTIFICATE OF ELECTRONIC SERVICE

I, the undersigned, do hereby certify that on the 31st day of August 2023, a true and correct copy of the above and foregoing was sent electronically to:

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