

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))

Rebuttal Testimony

of

Kelly M. Riley

on behalf of

Oklahoma Gas and Electric Company

September 21, 2023

1 Q. **Did witnesses for the Commission or Attorney General express concern regarding the**
2 **impact of the communications on the selection of the HL CTs as the least cost resource**
3 **for customers?**

4 A. No, they did not.
5

6 Q. **What was the nature of the communications identified by the IE?**

7 A. As part of the RFP process, all bidders were encouraged to ask clarifying questions of
8 OG&E's RFP evaluation team through the email inbox identified in Section 2.1 of the RFP
9 document, provided as Direct Exhibit KMR-2. RFP section 2.1.1.1 explains that all bidder
10 questions and OG&E's responses would be posted publicly to the RFP Website. After the
11 RFP was issued, the OG&E Bid Team, as well as other bidders, submitted questions to the
12 RFP email inbox. As required by the RFP, all bidder questions received in the RFP email
13 inbox and OG&E's responses to those questions were posted to the RFP website, ensuring
14 that all bidders had equal access to information regarding the RFP.
15

16 Q. **Did the IE review all bidder questions submitted to the RFP email inbox?**

17 A. Yes, OG&E provided all emails submitted by bidders into the RFP email inbox, including
18 those from OG&E's Bid Team to the IE for review.
19

20 Q. **After reviewing the bidder communications, did the IE find the communications**
21 **between OG&E's Bid Team and Evaluation Team affected the selection of the HL**
22 **CTs as the winning bidder?**

23 A. No. The IE's report found that OG&E's evaluation of RFP bids was appropriate. The IE
24 agreed with OG&E's selection of the HL CTs as the winning bid. Furthermore, the IE
25 found the Company did not give any preferential treatment to the affiliate bidder in the
26 Company's evaluation of RFP bids.
27

28 Q. **After reviewing the bidder communications, did the IE express concern that the**
29 **communications had the potential to impact the final cost of the HL CTs?**

30 A. No, they did not.

1 Q. **Did Mr. Norwood evaluate an alternative to the selection of the HL CTs as the next**
2 **generation resource to serve OG&E's customers?**

3 A. Yes. Mr. Norwood's Responsive Testimony (Table 3) includes a high-level comparative
4 analysis of the HL CT project and the lone bid into the Existing Capacity RFP, an existing
5 1,220 MW combined cycle facility.

6

7 Q. **Is Mr. Norwood's analysis of the two bids appropriate and complete?**

8 A. No. While Mr. Norwood correctly points out the existing combined cycle facility has the
9 potential to address forecasted capacity needs through at least 2030, the quantitative
10 analysis presented in Table 3 is not a complete or proper analysis. Put simply, Mr.
11 Norwood's analysis is not an accurate representation of how customers experience cost.

12

13 Q. **How was OG&E's evaluation of the RFP bids more complete?**

14 A. RFP Section 3.4 identified the metrics for quantitative evaluation of the RFP bids, which
15 includes evaluation of bids across multiple scenarios and sensitivities. They include the
16 Base Case (40% weighting), High Gas Case (25% weighting), Low Gas Case (25%
17 weighting), and Energy Evolution Case (10% weighting). The information presented in
18 Mr. Norwood's Responsive Testimony only references the Base Case. RFP Section 3.3
19 also describes the qualitative evaluation factors used in evaluation of the bids. Mr.
20 Norwood's assessment omits qualitative evaluation components, and more than half of the
21 quantitative evaluation outlined in the RFP. While Mr. Norwood's assessment omits
22 significant portions of the evaluation that was defined in the RFP, his assessment does
23 correctly identify that the HL CTs provide a lower NPV/kw than the resource in the existing
24 capacity RFP. However, the full evaluation provided by OG&E showed that the HL CTs
25 provided a lower Net Present Value of Customer Cost/kW than that of the resource in the
26 Existing Capacity RFP, meaning a lower cost to customers over the life of the resource.

27

28 Q. **What was OG&E's conclusion regarding a comparison of the HL CTs and the**
29 **combined cycle bid in the Existing Capacity RFP?**

30 A. Direct Exhibit KMR-10 shows a direct quantitative comparison between the HL CTs and
31 the existing combined cycle facility. The HL CTs result in a lower NPVCC in all cases

1 analyzed and in the Weighted Production Cost/Accredited kW, which the RFPs identified
2 as the final quantitative evaluation metric. The full evaluation provided by OG&E showed
3 that the HL CTs provided a lower cost to customers over the life of the resource.
4

5 Q. **Does this conclude your prepared rebuttal testimony?**

6 A. Yes, it does.