

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
APR 22 2016

COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

Supplemental Testimony

of

Donald R. Rowlett

on behalf of

Oklahoma Gas and Electric Company

April 22, 2016

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Donald R. Rowlett
Supplemental Testimony

1 Q. **Would you please state your name and business address?**

2 A. My name is Donald R. Rowlett. My business address is 321 North Harvey, Oklahoma
3 City, Oklahoma 73102.

4

5 Q. **Are you the same Donald R. Rowlett that previously filed direct and rebuttal
6 testimony in this proceeding?**

7 A. Yes

8

9 Q. **What is the purpose of your Supplemental Testimony?**

10 A. I will respond to the Supplemental Testimony filed by certain intervening parties on
11 April 11, 2016. My Supplemental Testimony will focus on an issue raised by OER
12 witness James R. Dauphinais. My failure to address each and every assertion or claim
13 made by other parties in this Cause does not indicate my acquiescence or agreement
14 with such assertion or claim.

15

16 Q. **In his Supplemental Testimony Mr Dauphinais reasserts his contention
17 regarding prudence in the construction of transmission projects assigned to
18 OG&E by the Southwest Power Pool ("SPP"). Do his contentions have any
19 validity?**

20 A. No. As I previously stated, Mr. Dauphinais' contentions are based on differences
21 between very early cost estimates and the final costs of four specific transmission
22 projects. There are numerous reasons why early cost estimates will vary from final costs
23 for these projects. Mr. Dauphinais spends considerable time discussing the details of the
24 Woodward to Thistle transmission line. In fact, Mr. Dauphinais was provided with the
25 information regarding the reasons for the change in costs as a result of an alternative
26 route which was chosen to "address environmental, landowner, reliability, possible
27 litigation, and timing concerns." As noted by Mr. Dauphinais, a significant portion of the
28 increases in costs are related to line length. For the lines coming out of Woodward, the
29 major controller for the additional line length was associated with minimizing the impact

1 to the habitat of the protected Lesser Prairie Chicken. On the Woodward EHV – Tuco
2 345 kV transmission line there was also the need to minimize incursion into the Black
3 Kettle National grassland. As for the Seminole – Muskogee 345 kV transmission line,
4 the major increases in costs were also related to line length in order to minimize the
5 impact of the line to wetlands, Native American lands, and the habitat for the protected
6 species, the American burying beetle.

7 As previously explained, these projects were deemed necessary by the SPP in
8 order to reduce the cost of electricity for the entire SPP footprint which not only includes
9 OG&E customers, but all electricity customers in Oklahoma. Each project was vetted and
10 the prudence of the cost variances reviewed throughout this process as more fully
11 explained below.

12 In spite of all the information OG&E has provided to Witness Dauphinais, and the
13 independent research he has conducted on the SPP website, he continues to argue the
14 costs were not prudent, but has yet to present any evidence that the final cost numbers
15 were unreasonable or that the projects themselves were imprudent. OG&E maintains
16 these projects were prudent and constructed at a reasonable cost and should be recovered
17 as such.

18
19 **Q. Witness Dauphinais implies that OG&E hid the original estimates for the project**
20 **presumably for some nefarious purpose. Does OG&E agree that the earliest**
21 **figures associated with these projects should be considered estimates?**

22 **A.** No. The earliest figures associated with these projects that Witness Dauphinais found
23 on the SPP website were placeholder figures using a rule of thumb based on dollars per
24 mile for essentially a straight line between the expected end points. As expected, those
25 initial numbers were lower than the true initial estimate OG&E provided which took
26 into account some basic routing legwork. Those numbers continued to be refined as the
27 details were finalized.

28
29 **Q. Briefly explain the SPP review process regarding new transmission projects.**

30 **A.** As described in OG&E's detailed response to OER Data Request 4-1 (d)
31 summarizing the process: SPP has an open, transparent stakeholder process in

1 which members, including OG&E, engage in multiple SPP working groups
2 associated with transmission planning processes and cost/estimating/tracking
3 processes. SPP members participate in committees that either approve or reject the
4 SPP Transmission Expansion Plan (STEP) to be presented to the SPP Board
5 of Directors. SPP's Transmission Working Group is responsible for reviewing,
6 maintaining, and recommending regional and zonal reliability projects such that
7 the SPP transmission system is in compliance with the NERC Standards and SPP's
8 Planning Criteria. The SPP's Economic Studies Working Group is responsible for
9 developing and recommending economic metrics used in economic planning
10 models to expand the transmission system as economically as possible. SPP's
11 Project Cost Working Group is responsible for ensuring the cost estimates created
12 by the Transmission Owners are in accordance with Business Practice 7060 –
13 Notification to Construct and Project Cost Estimating Process Effective January 1,
14 2012. The Business Practice is used throughout the planning process to estimate
15 project costs within a certain degree of accuracy depending on the phase of the
16 study. Projects are continually monitored for adherence to a +/-20% of baseline
17 estimate bandwidth. In the event a project's cost exceeds this bandwidth, the
18 Transmission Owner is required to provide support for any variances. A
19 recommendation is then made whether to accept the new cost estimate, reevaluate
20 the project, withdraw the Notice to Construct, or other action the Board of
21 Directors may approve.

22
23 **Q. Do you believe the review process described above and OG&E's involvement in**
24 **that process protects OG&E's customers by ensuring reasonable costs related to**
25 **SPP transmission projects?**

26 A. Yes. As described above, the review process is robust and multi-layered to
27 ensure transmission projects are well-planned, economic, and that the costs of
28 those projects are allocated in a fair and reasonable manner.

29
30 **Q. Does this conclude your testimony?**

31 A. Yes.