

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 GENERATION
CAPACITY PURSUANT TO 17 O.S.
SECTION 286(C)

PUD 2023-000038

REDACTED RESPONSIVE TESTIMONY OF TODD F. BOHRMANN
ON BEHALF OF
GENTNER F. DRUMMOND, OKLAHOMA ATTORNEY GENERAL

Gentner F. Drummond, the Attorney General of Oklahoma, on behalf of the utility customers of this State, hereby submits the Responsive Testimony of Todd F. Bohrmann in the proceeding referenced above. The Attorney General urges close consideration of the testimony.

Respectfully submitted,

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CERTIFICATE OF SERVICE

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OF

TODD F. BOHRMANN

ON BEHALF OF

GENTNER F. DRUMMOND,

OKLAHOMA ATTORNEY GENERAL

August 31, 2023

TABLE OF CONTENTS

I. Introduction6

II. 2021 Integrated Resource Plan.....11

III. Capacity Need.....13

IV. Reasonable Alternatives14

V. Cost Recovery21

VI. Summary and Conclusion.....25

I. Introduction

Q. PLEASE STATE YOUR NAME.

A. My name is Todd F. Bohrmann.

Q. PLEASE IDENTIFY YOUR EMPLOYER AND YOUR BUSINESS ADDRESS.

A. I am employed by the Oklahoma Office of the Attorney General (“Attorney General”). My business address is 313 NE 21st Street, Oklahoma City, Oklahoma 73105.

Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?

A. I am a graduate of the University of Central Florida in Orlando, Florida, where I earned a Bachelor of Arts degree in Economics cum laude and a Master of Business Administration degree. For nearly 30 years, I have been employed in several capacities that together provide a 360-degree perspective on electric and natural gas utility regulation. I initially served on the staff of the Florida Public Service Commission in several analyst positions. I have also worked as an independent consultant on various utility regulatory matters. When I was employed at CSX Transportation as an economist, I reviewed utility regulation through the perspectives of an industrial customer, vendor, and competitor. At the Acadian Consulting Group, I provided analysis for several consumer advocates, which perform roles similar to that of the Attorney General. I have been employed by the Attorney General since 2017 in the Utility Regulation Unit, where I currently serve as a Senior Regulatory Economist. I have attached my curriculum vita as Exhibit TFB-1.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE OKLAHOMA CORPORATION COMMISSION?

A. Yes. I have filed testimony on behalf of the Attorney General in prior proceedings before the Oklahoma Corporation Commission (“Commission”) as detailed in Exhibit TFB-1. My credentials have previously been accepted.

Q. WHAT MATERIALS DID YOU REVIEW PRIOR TO FILING YOUR TESTIMONY IN THIS PROCEEDING?

A. I read the direct testimonies filed on behalf of the Company as well as reviewed the responses to the data requests from the Attorney General and the other intervening parties. I also read the transcripts of management discussions with equity analysts from OGE Energy’s quarterly earnings. Finally, I read OGE Energy’s securities filings, including its Form 10-K and its Proxy Statement filed earlier this year.

Q. PLEASE DESCRIBE THE APPLICANT IN THIS CASE.

A. OGE engages in the generation, transmission, distribution, and sale of retail electric capacity and associated energy to approximately 805,000 customers in Oklahoma, with 85 percent of these customers classified as residential. OGE serves central Oklahoma to the state’s northern and southern borders with Kansas and Texas as well as portions of eastern and western Oklahoma, including the Enid and Oklahoma City metropolitan statistical areas (“MSA”). OGE also purchases and sells wholesale electric capacity and associated

energy through the Southwest Power Pool's ("SPP") Integrated Marketplace¹ and bilateral agreements. OGE is a subsidiary of OGE Energy.²

Q. PLEASE DESCRIBE OGE'S CURRENT GENERATION RESOURCES.

A. OGE currently has 6,720 megawatts ("MW") of owned generation resources with a mix of 71 percent from natural gas-fired resources, 28 percent from coal-fired resources, and 1 percent from renewable resources.³ OGE anticipates retiring nearly 850 MW of summer capacity from its three existing natural gas-fired steam units at its Horseshoe Lake Plant and its two existing natural gas-fired combustion turbines at Tinker Air Force Base during the next five years.⁴

Q. PLEASE DESCRIBE THE SPECIFIC RELIEF THAT OGE IS REQUESTING FROM THE COMMISSION IN THIS PROCEEDING.

A. The Company is seeking the following relief from the Commission in this proceeding: 1) a finding under 17 O.S. § 286 (C) that a need exists for the Horseshoe Lake Combustion Turbine units and those generating units will be used and useful when placed into commercial service by OGE; 2) in its selection process, a finding that OGE properly considered reasonable alternatives through a series of Requests for Proposals ("RFP"); and

¹ In this context, "Integrated Marketplace" refers to the mechanism through which the SPP and its members facilitate the sale and purchase of wholesale electricity to ensure cost-effective electric reliability throughout its 14-state region.

² OGE Energy's electric utility operations are conducted through OGE, which generates, transmits, distributes, and sells electric energy in Oklahoma and western Arkansas. OGE's rates are subject to regulation by the Commission, the Arkansas Public Service Commission, and the Federal Energy Regulatory Commission ("FERC"). OGE was incorporated in 1902 under the laws of the Oklahoma Territory and is a wholly owned subsidiary of OGE Energy. OGE is the largest electric utility in Oklahoma.

³ OGE owns 471 MW of nameplate renewable capacity of wind and solar resources, but the SPP permits OGE to consider only 70 MW of this renewable capacity for reliability purposes due to the inherent intermittent availability of these resources.

⁴ *OGE Integrated Resource Plan*, 5–8 (2021) <https://ogeenergy.gcs-web.com/static-files/6fd094d7-f7d6-4dae-8ec9-7482d0071a34>.

3) the proposed Generation Capacity Rider (“GCR”) should be implemented for recovery of the costs associated with the Horseshoe Lake units after those generating units are placed in service.⁵

Q. IS OGE SEEKING SIMILAR APPROVAL BEFORE THE ARKANSAS PUBLIC SERVICE COMMISSION AT THIS TIME?

A. No. In Arkansas, OGE is only seeking express written approval at this time from the Arkansas Commission to commence construction of the Horseshoe Lake Units.⁶ The Company will request a prudence of action and cost determination in a general rate case or formula rate filing after these units are placed into commercial service in 2026. OGE has indicated that the Company would not interpret an order from that proceeding⁷ as a prudence determination for the Horseshoe Lake Units in the Arkansas jurisdiction.⁸

Q. PLEASE DESCRIBE THE PROPOSED HORSESHOE LAKE UNITS.

A. Located at OGE’s Horseshoe Lake Generating Facility in eastern Oklahoma County, Oklahoma, the two new units are natural gas-fired, hydrogen-capable,⁹ 224 megawatt (“MW”) General Electric Class 7F combustion turbines.¹⁰ General Electric will

⁵ Direct Testimony of Kimber L. Shoop on Behalf of Oklahoma Gas & Electric Company 3:11-15 (May 31, 2023) [hereinafter “Shoop Direct”].

⁶ Ark. Code Ann. § 23-18-104.

⁷ *In the matter of the Application of Okla. Gas & Elec. Company to Provide Notice and for Authority to Proceed with the Construction of Two Natural Gas Combustion Turbine Generation Facilities in the State of Oklahoma Pursuant to Ark. Code Ann. § 23-18-104*, Docket 23-039-U (Ark. Pub. Serv. Comm’n).

⁸ Direct Testimony of Kimber L. Shoop on Behalf of Oklahoma Gas & Electric Company, 3:7-19, *In the matter of the Application of Okla. Gas & Elec. Company to Provide Notice and for Authority to Proceed with the Construction of Two Natural Gas Combustion Turbine Generation Facilities in the State of Oklahoma Pursuant to Ark. Code Ann. § 23-18-104*, Docket 23-039-U (Ark. Pub. Serv. Comm’n Jul. 12, 2023).

⁹ In this context, the phrase “hydrogen-capable” shall refer to a combustion turbine’s ability to burn a mixture of natural gas and hydrogen to generate electricity.

¹⁰ Direct Testimony of Robert Doupe on Behalf of Oklahoma Gas & Electric Company 7:2-3 (May 31, 2023) [hereinafter “Doupe Direct”].

manufacture, supply, deliver, and provide technical support and assistance with respect to the installation, commissioning, and testing of the Horseshoe Lake combustion turbine units.¹¹ The electric utility industry has significant experience in operating these combustion turbines with 950 units installed worldwide over the past 30 years. With the ability to reach full load within 11 minutes, these units complement the intermittent nature of OGE's solar and wind resources.¹² OGE also has had much experience with the GE Class 7F combustion turbines with six (6) such turbines at its Redbud and McClain power plants.

Q. WHAT IS THE PURPOSE OF YOUR RESPONSIVE TESTIMONY?

A. The purpose of my testimony is to recommend that the Commission grant the relief the Company requested described above with the following conditions:

- 1) The Commission should set a maximum value equal to OGE's original bid for cost recovery through the Generation Capacity Rider. OGE may seek recovery of prudently incurred capital expenditures above \$249 million in base rates in the Chapter 70 rate case proceeding following the commercial in-service dates of these units; and
- 2) If the Commission determines that recovery through a rider mechanism is appropriate, then the Commission should mandate that OGE files a Chapter 70 rate case proceeding within one (1) year of the commercial in-service date of the Horseshoe Lake units.

¹¹ Direct Testimony of Matthew J. Schuermann on Behalf of Oklahoma Gas & Electric Company 5:11-15 (May 31, 2023) [hereinafter "Schuermann Direct"].

¹² GE 7F Gas Turbine Fact Sheet, GE (Aug. 2021) https://www.ge.com/content/dam/gepower-new/global/en_US/downloads/gas-new-site/products/gas-turbines/7f-fact-sheet-product-specifications.pdf.

II. 2021 Integrated Resource Plan

Q. WHAT IS AN INTEGRATED RESOURCE PLAN?

A. An integrated resource plan (“IRP”) is a planning document that describes the array of demand-side and supply-side technologies available to the utility to meet its obligations to provide safe, reliable, cost-effective retail electric service. An IRP often includes a demand and energy forecast, a list of existing supply-side resources, as well as known retirements, an assessment of transmission capabilities and needs for the forecast horizon, a description of potential supply- and demand-side resources available to the utility, and a fuel procurement plan. Oklahoma electric utilities must file an IRP with the Commission at least every three years, and they must provide updates when material planning assumptions change.¹³

Q. BASED ON YOUR EXPERIENCE, HOW DO IRP PROCESSES COMPARE TO FORMAL REGULATORY PROCEEDINGS?

A. IRP processes often lack the features of a formal proceeding. The IRP is not sponsored by an expert witness as sworn testimony. Although stakeholders and a public utility commission may ask questions and submit comments, the IRP is neither subject to cross-examination nor is responsive testimony filed. Furthermore, the public utility commission does not take any formal action. Finally, the jurisdictional utility is neither bound by the IRP’s contents, nor should it rely upon the IRP alone as justification for a specific course of action. The IRP merely informs regulators, stakeholders, and the general public how and when an electric utility expects to meet its future capacity needs.

¹³ OAC 165:35-37-4.

Q. ABSENT ADDITIONAL ACTION, DOES OGE'S RESERVE MARGIN STAY ABOVE THE SOUTHWEST POWER POOL'S ("SPP") MINIMUM RESERVE MARGIN DURING THE FORECAST PERIOD?

A. No. Although OGE anticipated that net demand will stay relatively flat over the next ten years, the IRP identified several generation units, such as Horseshoe Lake Units 6, 7, and 8 as well as Mustang Units 5A and 5B, that are scheduled to be retired during this period. Also, purchased power contracts with Keenan and Taloga Wind facilities will expire during the next ten years.¹⁴ The Company anticipated that the total capacity for its generation resources would be 5,386 MW in 2031 for a reserve margin of -13 percent, below the Southwest Power Pool's minimum 12 percent reserve margin. To satisfy the SPP's 12 percent Planning Reserve Margin, OGE identified a capacity shortfall of 1,507 MW.¹⁵

Q. PLEASE SUMMARIZE THE RESULTS OF THE COMPANY'S MOST RECENT IRP.

A. In 2021, OGE determined that a balanced portfolio of solar resources and hydrogen-capable combustion turbines was the lowest reasonable resource plan to meet the Company's capacity needs over the next ten years. The Company utilized its load and fuel price forecasts to determine the timing and type of resource additions among viable technological alternatives. OGE also evaluated how robust its potential resource portfolios are by analyzing the change in incremental costs due to a series of scenarios and sensitivities.

¹⁴ Direct Testimony of Kelly M. Riley on Behalf of Oklahoma Gas & Electric Company 7-8, Exhibit KMR-1 (May 31, 2023) [hereinafter "Riley Direct"].

¹⁵ Riley Direct 5, Table 1.

III. Capacity Need

Q. SINCE OGE'S 2021 IRP WAS PUBLISHED, HAS SPP TAKEN ANY ACTIONS OR IS EXPECTED TO TAKE ACTION WOULD IMPACT OGE'S CAPACITY SHORTFALL?

A. The SPP has taken or is expected to take three actions that impacts the Company's capacity shortfall. First, the SPP increased each Load Responsible Entity's Planning Reserve Margin ("PRM") from 12 percent to 15 percent, effective July 1, 2023.¹⁶ This action not only increased OGE's capacity needs by 180 MW, but also made the amount of excess capacity available for purchase more scarce. SPP expects the PRM for its entire footprint to fall from 23.2 percent in 2021 to 13.6 percent by 2027.¹⁷ Moreover, SPP is expected to establish a PRM higher than 15 percent by 2025.¹⁸ Second, OGE's accredited capacity is expected to decrease further through SPP's implementation of Performance Based Accreditation ("PBA") for thermal resources. SPP has not provided final guidance yet for OGE to determine the impact of PBA on its accredited capacity, but the Company anticipates that SPP will consider historic forced outage rates.¹⁹ Third, SPP is expected to modify its resource adequacy requirements to mandate that the winter season would be consistent with the summer season's requirements. This modification would result in specific generation capabilities and load requirements during the winter season.²⁰

¹⁶ Riley Direct 17:5-7.

¹⁷ Board of Directors & Members Committee Meeting, Southwest Power Pool, 122 (Jul. 26, 2022), https://www.spp.org/documents/67635/bod_mc%20minutes%202022%2007%2026.pdf

¹⁸ *Id.* at 146.

¹⁹ Riley Direct 18:10-15.

²⁰ Riley Direct 18:16-23.

Q. HAS THE COMPANY DEMONSTRATED A NEED FOR THE HORSESHOE LAKES UNITS?

A. Yes. Based on its projected capacity shortfall and the expected SPP changes that will impact its reserve margin, OGE has demonstrated a need exists for the Horseshoe Lake units.

IV. Reasonable Alternatives

Q. DOES THE COMPANY CLAIM IT HAS CONSIDERED REASONABLE ALTERNATIVES?

A. Yes. The Company indicated that it has initiated three requests for proposals for needed capacity since the 2021 IRP under the Commission's competitive bidding rules to assess reasonable alternatives.²¹

Q. WHAT IS A REQUEST FOR PROPOSALS?

A. Generally speaking, a request for proposals ("RFP") is a written notice to two or more qualified suppliers that an individual, firm, or government agency desires to purchase a good or service. A well-developed RFP would include the following elements: 1) specific characteristics or conditions of the desired good or service; 2) a timeline of salient events from issuing the RFP to awarding the contract; and 3) criteria for evaluating the proposals submitted.

²¹ Shoop Direct 5:17-24; 7:1-4.

Q. HAS THE COMMISSION ESTABLISHED RULES THAT GOVERN AN ELECTRIC UTILITY'S RFP PROCESS?

A. Yes. The Commission has stated that a competitive procurement process, which is fair, just, and reasonable, is the most effective means to best serve the public interest of all electricity consumers. This process would complement and improve the state's economic growth as well as make the most efficient use of Oklahoma's coal, natural gas, and power generation and transmission assets. To obtain a presumption of prudence and subsequent cost recovery, a utility shall implement the Commission's competitive bidding procedures when the utility purchases or self-builds new long-term electric generation, long-term purchase power agreements, or long-term fuel supply. If the utility does not employ the Commission's competitive bidding process, the utility must seek a prudence determination and cost recovery during a subsequent Commission review.²²

Q. PLEASE DESCRIBE THE FIRST CAPACITY RFP THAT OGE INITIATED SINCE THE 2021 IRP.

A. In January 2022, the Company sought bids for a maximum of 450 MW of solar capacity or solar/battery hybrid with a preference for no more than 150 MW annually. OGE was seeking a build-transfer agreement in which the successful bid respondent would develop, construct, and sell the solar or solar/battery hybrid to OGE with a commercial in-service date no later than May 2025.²³ The Company selected three finalists among the bids received; however, these finalists ultimately could not meet the in-service date

²² OAC 165:35-34-1(a).

²³ Shoop Direct 5:18-6:2.

requirements. These finalists either voluntarily withdrew from consideration or were informed by the Company that its bid was no longer being considered.²⁴

Q. DID OGE ISSUE AN RFP FOR EXISTING CAPACITY RESOURCES?

A. Yes. In July 2022, OGE issued an RFP for a purchase of a maximum 1,500 MW for existing capacity resources²⁵ within the SPP with a preference for within the Company's service area. The Company needed to fill a short-term as well as a long-term capacity need, so OGE was seeking an existing resource that could be purchased no later than May 2025.²⁶

Q. DID OGE ISSUE AN RFP FOR FLEXIBLE CAPACITY RESOURCES?

A. Yes. In September 2022, the Company issued an RFP for a purchase of a maximum 500 MW for flexible capacity resources²⁷ within the SPP in Oklahoma and Arkansas with a preference for Company's service areas.²⁸

Q. DID OGE RE-ISSUE A SOLAR RFP?

A. Yes. In October 2022, the Company issued a RFP for solar capacity or solar/battery hybrid with similar features as the initial solar RFP, except the commercial in-service date was pushed back to no later than May 1, 2027.²⁹

²⁴ Riley Direct 7:1-8.

²⁵ Existing resources that use coal or fuel oil as their primary fuels were not eligible in this RFP.

²⁶ OG&E Existing Capacity RFP presentation to Bidders' Technical Conference. July 12, 2022.

²⁷ Flexible resources were identified as resources with the following characteristics: 1) At least 4 hours of consecutive run time at minimum and maximum capacity; 2) Minimum ability to start multiple times each day within 15 minutes of initiation; 3) minimum up-time of no more than one hour; and 4) maximum downtime between cycles.

²⁸ OG&E 2022 Flexible Resource Request for Proposals. September 21, 2022.

²⁹ OG&E 2022 Solar RFP (Re-issue) presentation to Bidders' Technical Conference. October 7, 2022.

Q. WHAT CRITERIA DID THE COMPANY USE TO EVALUATE THE RFP RESPONSES?

A. After satisfying the Company's threshold review, OGE evaluated the qualified RFP responses on both price (i.e., quantitative) and non-price (i.e., qualitative) factors. OGE assigned a 70 percent weight to the net present value of customer costs³⁰ and a 30 percent weight for qualitative factors which include the following:

- 1) Contract risk, cost, and benefits (9 percent weight);
- 2) Operational project characteristics and development risks (16 percent weight); and
- 3) Community and environmental impacts (5 percent weight).³¹

Q. HOW DID OGE DEVELOP THE NATURAL GAS PRICE FORECAST TO EVALUATE THE COST EFFECTIVENESS OF THE QUALIFIED RFP RESPONSES?

A. OGE evaluated each qualified RFP response of its price and operational performance factors through simulating the impact of each proposal on the costs borne by OGE's customers under four natural gas price sensitivities: 1) low price case; 2) base case; 3) high price case; and 4) energy evolution case.³² The low price gas sensitivity assumed that prices would be 50 percent of the base case forecast, while the high price case sensitivity would be 150 percent of the base case forecast. The Company then calculated a weighted net present value customer cost ("NPVCC") by assigning the following weights to these

³⁰ Riley Direct 12:2-14.

³¹ Direct Testimony of Maria F. Scheller on Behalf of Oklahoma Gas & Electric Company 27, Table 4 (May 31, 2023) [hereinafter "Scheller Direct"].

³² In this context, the phrase "energy evolution case" shall refer to the potential impact caused by federal policy leading to increased electrification and a region-wide accelerated coal-fired generation retirement 1 on natural gas prices. See Riley Direct 12:16-24.

sensitivities: base case, 40 percent; low price gas, 25 percent; high price gas, 25 percent; and the energy evolution case, 10 percent.³³

Q. DO YOU BELIEVE THAT OGE'S NATURAL GAS PRICE FORECAST IS REASONABLE?

A. Yes. The Company used a forecast of natural gas prices at Henry Hub³⁴ from 2023 to 2042 to evaluate the cost effectiveness of the bids received from its three RFPs.³⁵ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]³⁶

Q. AFTER OGE CALCULATED EACH BID'S NPVCC, HOW WOULD THE COMPANY DETERMINE EACH BID'S QUANTITATIVE SCORE?

A. The Company would assign a 70.0 score to the bid with the lowest NPVCC among the bids submitted in response to the RFP. OGE would then assign a quantitative score between 0 and 70 for the remaining bids based each bid's cost effectiveness compared with the bid with a 70.0 score. For example, if the bid with the lowest NPVCC had a cost of \$600/kW,

³³ Riley Direct 12:26-13:2

³⁴ In this context, "Henry Hub" refers to a distribution hub on the natural gas pipeline system in Erath, Louisiana, that interconnects with nine interstate and four intrastate pipelines: Acadian, Columbia Gulf Transmission, Gulf South Pipeline, Bridgeline, NGPL, Sea Robin, Southern Natural Pipeline, Texas Gas Transmission, Transcontinental Pipeline, Trunkline Pipeline, Jefferson Island, and Sabine. Spot and future natural gas prices set at Henry Hub are denominated in \$/MMBtu (millions of British thermal units) and are generally seen to be the primary price set for the North American natural gas market. North American unregulated wellhead prices are closely correlated to those set at Henry Hub. Due to its importance, it lends its name to the pricing point for several widely traded natural gas derivative contracts including those traded on the New York Mercantile Exchange ("NYMEX").

³⁵ OGE's Response to Data Request OIEC-OGE-1-19.

³⁶ 2022 Annual Energy Outlook, U.S. EIA, Table 13, https://www.eia.gov/outlooks/archive/aeo22/tables_ref.php (most recently accessed August 29, 2023).

and an alternative bid had a cost of \$900/kW, then the alternative bid would receive a 46.7 quantitative score.³⁷

Q. DID AN INDEPENDENT EVALUATOR REVIEW THE RFP RESULTS AND THE COMPETITIVE BIDDING PROCESS?

A. Yes. An independent evaluator (“IE” or “Guernsey”) reviewed the RFP results and the competitive bidding process for the Existing Capacity Resources and Flexible Capacity Resources, as well as the reissue for Solar Capacity. Guernsey observed whether OGE complied with the rules³⁸ governing the RFP process during the Company’s evaluation of the responses to the three RFPs. These rules define specific procedures, requirements, and criteria for utilities to adhere to when completing competitive procurement and cover Company activity in the RFP.

Q. WHAT WERE THE INDEPENDENT EVALUATOR’S FINDINGS FOR THESE RFPS?

A. [REDACTED]

³⁷ For this hypothetical example, $(\$600/\$900) * 70 = 46.7$.

³⁸ OAC 165:35-34-3.

Q. DID THE INDEPENDENT EVALUATOR DETERMINE WHETHER OGE COMPLIED WITH THE RULES REGARDING COMPETITIVE PROCUREMENT INVOLVING AN AFFILIATE BIDDER?

A. [REDACTED]

Q. DID OGE EXAMINE ALL REASONABLE ALTERNATIVES PRIOR TO CHOOSING THE HORSESHOE LAKE UNITS?

A. Yes. After reviewing the Company's analysis³⁹ of the bids OGE received in response to its three RFPs, I believe that the Company examined all reasonable alternatives prior to choosing the Horseshoe Lake units.

³⁹ A summary of the quantitative and qualitative scores is provided in Exhibit TFB-2 (Confidential).

Q. SHOULD THE COMMISSION GRANT THE COMPANY'S REQUEST FOR PRE-APPROVAL OF THE HORSESHOE LAKE UNITS?

A. Yes. However, as noted later in my testimony, the Commission should initially limit cost recovery to the amount of the OGE's Bid Team's bid. OGE may seek recovery of costs above its bid in a future proceeding.

V. Cost Recovery

Q. HOW DOES OGE PROPOSE TO RECOVER THE COSTS ASSOCIATED WITH THE TWO HORSESHOE LAKE UNITS ONCE THESE UNITS ENTER COMMERCIAL SERVICE?

A. The Company requests to recover the revenue requirement associated with the two Horseshoe Lake units through the creation of a new rider, identified as the Generation Capacity Rider ("GCR"). The GCR would allow OGE to recover the return on prudently incurred capital expenditures, net of accumulated depreciation and accumulated deferred income taxes, at the most recently approved weighted average cost of capital. OGE would also recover expenses such as operation & maintenance ("O&M") expenses, depreciation expense, and ad valorem tax expense. OGE proposes to allocate these units' costs at the most recently approved production demand allocation factor.⁴⁰ During the first year of cost recovery through the GCR, the Company calculated its Oklahoma customers would incur

⁴⁰ Direct Testimony of Gwin Cash on Behalf of Oklahoma Gas & Electric Company, Exhibit GC-1 (May 31, 2023) [hereinafter "Cash Direct"].

a revenue requirement of approximately \$40.4 million.⁴¹ The Company would seek to true-up the GCR on an annual basis.⁴²

Q. WOULD YOU RECOMMEND THAT THE COMMISSION ALLOW OGE TO RECOVER ITS PROPOSED REVENUE REQUIREMENT THROUGH THE GCR?

A. The costs that would be recovered under the GCR do not meet the traditional three-prong test for extraordinary rate relief through a rider mechanism.⁴³ Costs that would be recovered through the proposed GCR tariff are: 1) not substantial to the OGE; 2) not volatile; and 3) within OGE's control. The costs that would be recovered under the proposed GCR tariff are not substantial to OGE, less than two (2) percent of the Company's operating revenue. Also, these costs are not volatile, as the primary non-fixed cost, which is variable O&M, initially represents a small portion of total costs. Finally, the remaining costs are within OGE's control, because these costs are driven by OGE's skills during contract negotiations between itself and the two counterparties. Under this three-prong test the Company's request to recover these costs through the GCR would customarily not be appropriate. The Attorney General may ultimately be amenable to the GCR depending on the terms for implementation. However, if the Commission grants pre-approval for the Horseshoe Lake units and determines that the rider is fair just and reasonable, the Commission should limit recovery of capital expenditures through the GCR to no more

⁴¹ Direct Testimony of Jason J. Thenmadathil on Behalf of Oklahoma Gas & Electric Company 3:7-5:28 (May 31, 2023) [hereinafter "Thenmadathil Direct"].

⁴² Direct Exhibit GC-1, Original Sheet No. 52.31, Standard Pricing Schedule: GCR; Generation Capacity Rider.

⁴³ See Responsive Test. of Kathy Champion 10:1-7, *Pub. Serv. Co. of Okla. Rates & Charges for Elec. Serv.*, Cause No. PUD 201500208 (Okla. Corp. Comm'n Oct. 23, 2015); *Increasing Use of Surcharges on Consumer Utility Bills*, AARP, 2-3 (2012); *Cost Trackers*, Elec. Consumers Resource Council, <http://www.elcon.org/cost-trackers> (last visited Jan. 16, 2019).

than \$249 million which represents the OGE Bid Team's original bid for the Horseshoe Lake units.

Q. WHY ARE YOU RECOMMENDING THAT THE COMMISSION INITIALLY LIMIT RECOVERY OF CAPITAL EXPENDITURES TO NO MORE THAN OGE BID TEAM'S ORIGINAL BID FOR THE HORSESHOE LAKE UNITS?

A. I am not an attorney, but counsel informs me that when a self-build proposal is selected by a utility and approved by the Commission, the Commission's bidding rules⁴⁴ limit cost recovery to the total project cost identified in the self-build proposal without additional Commission approval. OGE may seek recovery of the incremental costs above \$249 million through base rates at its next Chapter 70 rate case proceeding. Counsel also informs me that the Commission's rules could use further clarity on how OAC 165:35-38-5 fits into the larger scheme of the Commission's competitive bidding rules. The Attorney General would support opening the Commission's competitive bidding rules to consider further updates and revision that bring further clarity to the competitive bidding rules for the benefit of both ratepayers and the regulated community.

Q. DOES OGE EXPECT TO INCUR ADDITIONAL COSTS FOR THE HORSESHOE LAKE UNITS ABOVE ITS ORIGINAL BID OF APPROXIMATELY \$249 MILLION?

A. Yes. The Company identified several examples in which the costs OGE expects to incur to construct the Horseshoe Lake units increased beyond its original bid. First, OGE increased

⁴⁴ OAC 165:35-38-5(d).

the cost to build these units⁴⁵ by \$37 million to \$286 million due to scope changes, inflation, and an extension of the units' commercial in-service date.⁴⁶ Second, OGE added approximately \$26 million in owner's cost⁴⁷ regardless of which bidder was chosen by the Company.⁴⁸ Third, OGE estimated contingent expenses of six (6) percent of the total project cost, or nearly \$19 million.⁴⁹ Please refer to Exhibit TFB-3 for an itemized list of additional costs that the Company expects to incur above its original \$249 million bid.

Q. DO YOU HAVE ANY FURTHER CONCERNS ABOUT THE PROPOSED GCR TARIFF?

A. Yes. The proposed tariff language is uncertain and vague regarding an expiration date for the GCR. The proposed tariff language states that “[t]he GCR will begin recovery of costs following the first billing cycle of the month following the first-generation capacity project that reaches in-service status. The GCR will continue until such time that the generation capacity projects authorized for recovery through this rider are included in base rates or terminated by order of the Commission. If terminated by order of the Commission, the

⁴⁵ OGE negotiated the contract costs of the Horseshoe Lake units with two counterparties: 1) General Electric will manufacture, supply, deliver, and provide technical support and assistance, as requested, in connection with the installation, commissioning, and testing the two (2) 224 MW combustion turbines at Horseshoe Lake; 2) a joint venture between The Industrial Company and Sargent & Lundy will provide engineering, procurement, and construction services for the balance of plant related to the installation of the Horseshoe Lake units.

⁴⁶ Schuermann Direct 6:20-7:6.

⁴⁷ In this context, the phrase “owner's costs” shall refer to expenses such as internal labor, construction oversight, engineering oversight to ensure design adequacy and technical compliance with specifications, project management to ensure timely, on-budget compliance with the contracts and technical specifications, legal fees related to negotiating the contracts and to handle disputes arising during construction, and performance testing after the HL CTs are constructed in order to validate performance to the design and technical specifications.

⁴⁸ Schuermann Direct 7:17-8:10.

⁴⁹ Schuermann Direct 8:13-9:10.

Generating Facilities shall be included in rate base after receiving a final order approving new rates in the next OG&E general rate case proceeding.”⁵⁰

Q. HOW DO YOU BELIEVE THE COMMISSION SHOULD ADDRESS THE LACK OF A SPECIFIC EXPIRATION DATE FOR THE GCRR?

A. I believe that the Commission should order the Company to file for a Chapter 70 rate proceeding no more than one year after the commercial in-service date of the second of the two CT units constructed at its Horseshoe Lake Plant.

VI. Summary and Conclusion

Q. PLEASE SUMMARIZE YOUR RESPONSIVE TESTIMONY.

A. OGE has demonstrated that a need exists for the capacity of the Horseshoe Lake units, and has evaluated all reasonable alternatives prior to choosing these units. If the Commission determines that recovery through a rider mechanism is appropriate, then the Commission should mandate that OGE files a Chapter 70 rate case proceeding within one (1) year of the commercial in-service date of the Horseshoe Lake units. However, the Commission should set a maximum value equal to OGE’s original bid for cost recovery through the Generation Capacity Rider. OGE may seek recovery of prudently incurred capital expenditures above \$249 million in base rates in the Chapter 70 rate case proceeding following the commercial in-service dates of these units.

⁵⁰ Cash Direct, Exhibit GC-1.

Q. DO YOU HAVE ANY ADDITIONAL COMMENTS?

A. My testimony does not address every potential issue; therefore, my recommendations should not be construed as the only recommendations or requests that I may support in the record. Other recommended courses of action may be presented in the record of which I may support. In addition, the fact that I do not express an opinion on a particular issue should not be interpreted as agreement with or support for the Company's position on that issue.

Q. DOES THIS CONCLUDE YOUR RESPONSIVE TESTIMONY?

A. Yes, it does.

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Professional Experience

OKLAHOMA OFFICE OF THE ATTORNEY GENERAL, Oklahoma City, OK2017-present Senior Regulatory Economist

- Prepare and present expert witness testimony regarding the economic regulation of jurisdictional electric and gas utilities before state agencies, boards, and commissions.

ACADIAN CONSULTING GROUP, Baton Rouge, LA 2016-2017 Senior Research Analyst

- Leveraged skills and knowledge associated with economic regulation of investor-owned utilities to identify issues, review discovery responses, and assist in preparing expert witness testimony in selected proceedings before several public utility commissions.
- Researched the impact of the natural gas renaissance on the liquefied natural gas, electric generation, petrochemicals, processing, pipeline, and storage industries in the states of Texas, Louisiana, Mississippi, and Alabama.

CSX TRANSPORTATION, Jacksonville, FL..... 2006-2016 Manager, Coal Planning and Market Analytics (2014-2016)

Provided critical and strategic thought regarding competitive position for utility coal franchise due to a deep understanding of industry and market conditions.

- Drove more effective pricing decisions through comparing CSX-served electric generation plants with competitive alternatives through internal presentations to senior leadership.
- Aligned operational resources with commercial expectations due to a monthly top-down forecast of over \$1 billion in annual sales from utility coal customers.
- Developed commercial and regulatory strategies to minimize impact of economic and environmental regulations on coal-fired electric generation within CSX's customer base.

Manager, Market Strategy (2006-2014)

Provided timely, relevant economic analysis to executive leadership and over 400 sales and marketing managers.

- Provided guidance regarding CSX sales and volume performance relative to prior year results and current year expectations.
- Enhanced market and competitive intelligence sources and methods by tracking volume by origin-destination by mode in over 100 product markets and 70 geographic markets.
- Generated \$100,000 in incremental revenue annually through auctioning scarce rail cars among agricultural customers at a premium price.

Independent Consultant, Jacksonville, FL 2006-2008

Leveraged skills and knowledge associated with economic regulation of investor-owned electric utilities to identify issues, develop discovery requests, and review discovery responses in selected proceedings before the Florida Public Service Commission.

- Presented expert testimony on the regulatory jurisdiction of costs recovered through the fuel and purchased power cost recovery clause.

FLORIDA PUBLIC SERVICE COMMISSION, Tallahassee, FL 1994-2006

Economic Analyst

Led a 19-member team of attorneys, accountants, economists, engineers, and administrative staff to identify and resolve factual, legal, and policy issues regarding prudent regulatory oversight of \$10 billion annually for the purchase, delivery, storage, consumption, and disposal of fuel used for electric generation by investor-owned utilities.

- Initiated and developed an incentive program adopted by the Florida Public Service Commission that allows a utility to maximize its wholesale energy sales by allowing each utility to retain part of its annual profits earned on these sales after a target is achieved.
- Presented expert testimony regarding a regulatory accounting system for revenues and costs associated with price risk management of coal, oil, natural gas, and wholesale energy purchases.
- Co-authored the annual "Review of Ten-Year Site Plans" which evaluates the reasonableness of Florida's electric utilities' generation and transmission expansion plans.

Education

University of Central Florida, Orlando, Florida.

- Master of Business Administration
- Bachelor of Arts in Economics, with honors

Professional Memberships

- National Association of Business Economics (2008-2015)
 - Transportation Roundtable, Founding Chair (2012-2015)
 - Energy Industry Conference Planning Committee (2013)
 - Business Conditions Survey Leadership Team (2015-2016)
- CSX Associate Development Program
 - Planning Committee, Facilitator (2010-2011)
- National Association of State Utility Consumer Advocates (2018-present)
 - Electricity Committee (2018-present)
 - Gas Committee (2018-present)
- Society of Utility and Regulatory Financial Analysts (2019)

Expert Witness Testimony

- Responsive Testimony on behalf of John O'Connor, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202200057, Application Of Mark Argenbright, Director Of The Public Utility Division, Oklahoma Corporation Commission, For A Public Hearing To Review And Monitor Application Of The Fuel Adjustment Clause Of Oklahoma Gas And Electric Company For The Calendar Year 2021 And, For A Prudence Review Of The Fuel Procurement Processes And Costs Of Oklahoma Gas And Electric Company For The Calendar Year 2021.
- Responsive Testimony on behalf of John O'Connor, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202200077, Application Of Mark Argenbright, Director Of The Public Utility Division, Oklahoma Corporation Commission, For A Public Hearing To Review And Monitor Application Of The Fuel Adjustment Clause Of Public Service Company Of Oklahoma For The Calendar Year 2021 And, For A Prudence Review Of The Fuel Procurement Processes And Costs Of Public Service Company Of Oklahoma For The Calendar Year 2021
- Responsive and Rebuttal Testimony on behalf of John O'Connor, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202100050, Application Of The Empire District Electric Company For Approval Of A Regulatory Asset And Special Regulatory Treatment For Recovery Of Extraordinary Gas Supply Costs Arising From Extreme Winter Weather, And For Waiver Of Applicable Tariffs And Rules.
- Responsive Testimony on behalf of John O'Connor, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202200042, Application Of Arkansas Oklahoma Gas Corporation For Approval Of Its Performance Based Rate Plan For The Twelve Months Ended December 31, 2021.
- Responsive and Rebuttal Testimony on behalf of John O'Connor, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202100163, Application Of The Empire District Electric Company, A Kansas Corporation, For An Adjustment In Its Rates And Charges For Electric Service In The State Of Oklahoma.
- Responsive Testimony on behalf of John O'Connor, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202200022, In The Matter Of The Application Of Summit Utilities Oklahoma, Inc., For Approval Of Its Performance-Based Rate Change Plan Calculations For The Twelve Months Ending December 31, 2021.
- Responsive Testimony on behalf of John O'Connor, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202100164, 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.
- Responsive Testimony on behalf of John O'Connor, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202100063, In The Matter Of The Application Of Oklahoma Natural Gas Company, A Division Of One Gas, Inc., For A Review And Change Or Modification In Its Rates, Charges, Tariffs, And Terms And Conditions Of Service

- Responsive Testimony on behalf of John O'Connor, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202100055, Application Of Public Service Company Of Oklahoma, An Oklahoma Corporation, For An Adjustment In Its Rates And Charges And The Electric Service Rules, Regulations And Conditions Of Service For Electric Service For Electric Service In The State Of Oklahoma
- Responsive, Surrebuttal, and Cross Examination Testimony on behalf of Dawn Cash, Acting Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202100114, Joint Application Of CenterPoint Energy Resources Corp., Southern Col Midco, LLC, And Summit Utilities Oklahoma, Inc. For Transfer Of Jurisdictional Utility Assets And Customer Accounts Pursuant To OAC 165:45-3-5.
- Responsive Testimony on behalf of Dawn Cash, Acting Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202100081, Application of Arkansas Oklahoma Gas Corporation For Approval of Its Performance Based Rate Plan Adjustments For The Twelve Months Ended December 31, 2020.
- Responsive and Settlement Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202100054, In The Matter Of The Application Of CenterPoint Energy Resources Corp., D/B/A CenterPoint Energy Oklahoma Gas, For Approval Of Its Performance Based Rate Change Plan Calculations For The Twelve Months Ended December 31, 2020.
- Responsive and Cross Examination Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202100057, Application Of Fort Cobb Fuel Authority, LLC For Approval Of Special Regulatory Treatment For Abnormal Gas Supply Costs Arising From Extreme Winter Weather And Waiver Of Applicable Purchased Gas Adjustment Tariffs And Rules Under OAC 165:50 Specifying Methodology For Recovery Of Gas Supply Costs.
- Responsive, Surrebuttal, and Cross Examination Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202000097, "Application Of Public Service Company Of Oklahoma ("PSO") For Approval Of The Cost Recovery Of Facilities To Be Located At Ft. Sill; A Determination There Is A Need For The Facilities; Approval For Future Inclusion In Base Rates For Cost Recovery Of Prudent Costs Incurred By PSO For The Facilities; Approval Of A Temporary Cost Recovery Rider; And Such Other Relief The Commission Deems PSO Is Entitled"
- Responsive Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202000028, "In The Matter Of The Application Of CenterPoint Energy Resources Corp., D/B/A CenterPoint Energy Oklahoma Gas, For Approval Of Its Performance Based Rate Change Plan Calculations For The Twelve Months Ended December 31, 2019"
- Responsive and Settlement Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 202000021, "In The Matter Of The Application Of Oklahoma Gas And Electric Company For An Order Of The Commission

Approving A Recovery Mechanism For Expenditures Related To The Oklahoma Grid Enhancement Plan”

- Responsive Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 201900028, “Application Of Arkansas Oklahoma Gas Corporation For Approval Of Its Performance Based Rate Plan Adjustments For The Twelve Months Ended December 31, 2018.”
- Responsive Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 201800133, “In The Matter Of The Application Of The Empire District Electric Company, A Kansas Corporation, For An Adjustment In Its Rates And Charges For Electric Service In The State Of Oklahoma.”
- Responsive, Rebuttal, and Cross Examination Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 201900019, “In The Matter Of The Application Of CenterPoint Energy Resources Corp., D/B/A CenterPoint Energy Oklahoma Gas, For Approval Of Its Performance Based Rate Change Plan Calculations For The Twelve Months Ended December 31, 2018”
- Responsive Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 201800159, “In The Matter Of The Application Of Oklahoma Gas And Electric Company For Commission Preapproval Pursuant To 17 O.S. Section 286(C) For Acquisition Of Capacity Through Asset Purchase”
- Responsive Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 201800140, “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”
- Responsive Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 201800097, “Application Of Public Service Company Of Oklahoma, An Oklahoma Corporation, For An Adjustment In Its Rates And Charges And The Electric Service Rules, Regulations And Conditions Of Service For Electric Service In The State Of Oklahoma And To Approve A Performed Base Rate Proposal.”
- Responsive Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 201800073, “In The Matter Of The Application Of Public Service Company Of Oklahoma For An Approval Of Energy Efficiency And Demand Response Programs; For Approval Of The Recovery Of All Demand Program Costs, Lost Net Revenues And A Shared Savings Incentive; For A Commission Waiver Of OAC165:35-41-5(D)(2) For Program Years 2020 And 2021, Respectively; And Authorizing The Continued Use Of The Demand Side Management Cost Recovery Rider.”
- Responsive and Surrebuttal Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 201800029, “In The Matter Of The Application Of CenterPoint Energy Resources Corp., D/B/A CenterPoint Energy Oklahoma Gas, For Approval Of Its Performance Based Rate Change Plan Calculations For The Twelve Months Ended December 31, 2017.”

- Responsive Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 201700496, "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."
- Responsive Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 201700495, "Application of Arkansas Oklahoma Gas Corporation For Waiver of Requirement To File For Review of Performance Based Rates For The Twelve Months Ended August 31, 2017 And Request For Tariff Change."
- Responsive and Settlement Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 201700471, "In The Matter of The Application of The Empire District Electric Company For Approval of Its Customer Savings Plan."
- Responsive, Surrebuttal, and Settlement Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 201700267, "Application of Public Service Company of Oklahoma ("PSO") For Approval of The Cost Recovery of The Wind Catcher Energy Connection Project; A Determination There Is A Need For The Project; Approval For Future Inclusion In Base Rates Cost Recovery of Prudent Costs Incurred By PSO For The Project; Approval of A Temporary Cost Recovery Rider; Approval of Certain Accounting Procedures Regarding Federal Production Tax Credits; Waiver of OAC 165:35-38-5(E); And Such Other Relief The Commission Deems PSO Is Entitled."
- Responsive and Surrebuttal Testimony on behalf of Mike Hunter, Attorney General of Oklahoma, in Oklahoma Corporation Commission Cause No. PUD 201700151, "Application of Public Service Company of Oklahoma, An Oklahoma Corporation, For An Adjustment In Its Rates And Charges And The Electric Service Rules, Regulations And Conditions of Service For Electric Service In The State of Oklahoma."
- Rebuttal Testimony on behalf of Florida Office of Public Counsel in Florida Public Service Commission Docket No. 060658-EI, "Petition on behalf of Citizens of the State of Florida to require Progress Energy Florida, Inc. to refund customers \$143 million."
- Direct Testimony on behalf of Florida Public Service Commission Staff in Florida Public Service Commission Docket No. 011605-EI, "Review of investor-owned electric utilities' risk management policies and procedures."
- Direct Testimony on behalf of Florida Public Service Commission Staff in Florida Public Service Commission Docket No. 930885-EU, "Petition to resolve territorial dispute with Gulf Coast Electric Cooperative, Inc. By Gulf Power Company."

OKLAHOMA GAS & ELECTRIC
EVALUATION OF BIDS RECEIVED FROM SOLAR, EXISTING CAPACITY,
AND FLEXIBLE CAPACITY REQUESTS FOR PROPOSALS

Source: Exhibits KMR-7; KMR-8; and KMR-9

OKLAHOMA GAS & ELECTRIC COMPANY
INCREMENTAL COSTS ABOVE ORIGINAL BID PRICE
(\$M)

Updated contract costs (i.e., scope change, inflation, extension of in-service date):	\$286
Owner's costs:	\$26
Contingency costs:	<u>\$19</u>
Total:	\$331
Original Bid Price:	<u>\$249</u>
Incremental Costs Above Original Bid Price:	<u><u>\$82</u></u>

Source: Schuermann Direct 5:1 – 9:10