

**BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA**

IN THE MATTER OF THE APPLICATION OF )  
OKLAHOMA GAS AND ELECTRIC COMPANY )  
FOR THE COMMISSION PREAPPROVAL OF )  
NEW GENERATION CAPACITY PURSUANT )  
TO 17 O.S. SECTION 286(C) )

CASE NO. PUD2023-000038



**TESTIMONY IN SUPPORT OF  
JOINT STIPULATION AND SETTLEMENT AGREEMENT**

**TRENT A. CAMPBELL**

**OCTOBER 13, 2023**

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**INTRODUCTION**

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

2 A: My name is Trent A. Campbell. My business address is Oklahoma Corporation  
3 Commission (“Commission), Public Utility Division (“PUD”), Will Rogers Office  
4 Building, PUD Suite 414, 2401 North Lincoln Boulevard, Oklahoma City, Oklahoma  
5 73105.

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

8 A: Yes. I have previously testified before the Commission and my qualifications were  
9 accepted at that time.

10 **Q: Who employs you and what is your position?**

11 A: I am employed by the Commission as a Programs Manager focusing on utility fuel  
12 expenses and Southwest Power Pool (“SPP”) activities as it relates to utility regulation. I  
13 have been employed by the Commission most recently since June 2022. However, I was  
14 employed previously by the Commission from October 2008 to April 2014.

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

16 A: I conduct research and perform comparative analysis of utility applications, reports,  
17 financial records, and workpapers to ensure that PUD can make accurate recommendations.  
18 My primary responsibilities include conducting audits, assign and review all fuel review  
19 audits, submit written and oral testimony on fuel related cases, and manage the fuels team

1 on completion of all fuel audits and fuel related assignments. For a complete list of my  
2 work history and educational background, please review my curriculum vitae attached to  
3 my responsive testimony.

**PURPOSE**

4 **Q: What is the purpose of this Settlement Testimony regarding the Application filed by**  
5 **Oklahoma Gas and Electric Company (“OG&E” or “Company”) in Case No. PUD**  
6 **2023-000038?**

7 A: The purpose of this Settlement Testimony is to discuss PUD’s position in support of the  
8 unopposed Joint Stipulation and Settlement Agreement (“Joint Stipulation”) filed in this Case  
9 on October 10, 2023.

**CASE BACKGROUND**

10 **Q: Please provide a brief history of this Case prior to the filing of the Joint Stipulation.**

11 A: On May 31, 2023, OG&E filed its Application for preapproval of new generation capacity  
12 pursuant to 17 O.S. § 286(C). In its Application, OG&E made the following requests to  
13 the Commission:

- 14 1. That the Commission find that need for the Horseshoe Lake Combustion Turbines  
15 (“HL CTs”) exists; and therefore, they are considered used and useful and subject  
16 to this Commission’s cost-recovery rules.
- 17 2. OG&E properly considered reasonable alternatives to the resources evaluated  
18 through the Integrated Resource Plan (“IRP”) and series of Requests for Proposal  
19 (“RFPs”).

- 1           3. A cost recovery rider should be approved to allow OG&E to recover the costs of  
2           the HL CTs after each of those units is placed in service and providing benefits to  
3           customers; and  
4           4. Granting such other and further relief as the Commission may determine to be fair,  
5           just, and reasonable.

6           Following robust discussions concerning the relief sought by OG&E, the Company, PUD,  
7           the Oklahoma Attorney General (“OAG”), OG&E Shareholders Association and  
8           Petroleum Alliance of Oklahoma signed a Joint Stipulation which although was non-  
9           unanimous, was unopposed by the non-signatory parties, and was filed on October 10,  
10          2023. The non-signatories to this Joint Stipulation are Oklahoma Industrial Energy  
11          Consumers (“OIEC”), Wal-Mart, Inc., and Oklahoma Sustainability Network (“OSN”).

**JOINT STIPULATION AND SETTLEMENT AGREEMENT**

12   **Q: Please describe the settlement process.**

13   A: The resultant Joint Stipulation is non-unanimous, un-opposed, and contains input from all  
14   parties after robust settlement negotiations. Further, the settlement is supported by  
15   testimony filed by some of the parties to the Case. This is a comprehensive settlement, and  
16   represents a fair, just, and reasonable agreement to address the issues raised in this Case  
17   and is in the public interest.

1 **Q: Have all parties to this Case signed this Joint Stipulation?**

2 A: No. The non-signatories to this Joint Stipulation are Oklahoma Industrial Energy  
3 Consumers ("OIEC"), Wal-Mart, Inc., and Oklahoma Sustainability Network ("OSN").

**GENERAL RECOMMENDATIONS OF THE STIPULATING PARTIES**

4 **Q: What is Section II of the Joint Stipulation?**

5 A: Section II of the Joint Stipulation contains the general recommendations of the stipulating  
6 parties, and this testimony will discuss these subparts in detail.

7 **Q: What is Part A in the Joint Stipulation?**

8 A: Part A. of the Joint Stipulation states:

9 The Commission should find that OG&E has a demonstrated need for  
10 generating capacity and that OG&E engaged in a series of competitive  
11 bidding processes to assess the most reasonable alternatives for meeting that  
12 capacity need. These competitive bidding processes showed that the best  
13 option for meeting OG&E's capacity need is the construction of two GE 7F  
14 Class combustion turbines at the Horseshoe Lake Power Plant with a  
15 summer rated capacity of 448 MW s and an estimated in-service date of late  
16 2026 ("HL CTs"). The Stipulating Parties agree that the Commission should  
17 approve OG&E's HL CTs under 17 Okla. Stat. §286.

18 **Q: Does PUD agree with Part A in the Joint Stipulation?**

19 A: Yes. Per the testimony and recommendation of PUD Witness Jason Chaplin, OG&E's load  
20 forecast was reasonable. Comparing the Company's load forecast to its existing generation  
21 resources and including Southwest Power Pool's ("SPP") 12% planning reserve margin,  
22 OG&E will have a capacity need starting in 2023. Also, due to SPP changing the Planning

1 Reserve Margin in July 2022 from 12% to 15%, this increases OG&E's capacity need 180  
2 MW – 190 MW's each year.<sup>1</sup>

3 **Q: What is Part B in the Joint Stipulation?**

4 **A:** Part B of the Joint Stipulation states:

5 That the Commission should approve the Generation Capacity Rider  
6 (“GCR”) that allows OG&E to recover certain cost associated with the HL  
7 CTs as those units are placed in service. The Stipulating Parties agree that  
8 OG&E shall only be able to recover a return, at the Company's most recently  
9 approved weighted average cost of capital, on the costs discussed later  
10 through the GCR:

11 a) OG&E's shall be permitted to recover the original bid amount of  
12 approximately \$249 million for the costs associated with the  
13 purchase of the HL CTs through a contract with General Electric, as  
14 the Original Equipment Manufacturer and the costs associated with  
15 the balance of plant, engineering, procurement and construction  
16 contract between OG&E and a joint venture between Sargent &  
17 Lundy and TIC - The Industrial Company.

18 b) OG&E shall be permitted to recover costs incurred by the Company  
19 in addition to the costs of purchasing the equipment and third-party  
20 costs of construction ("Owner's Costs"). These Owner's Costs shall  
21 include internal labor, construction oversight, engineering oversight  
22 to ensure design adequacy and technical compliance with  
23 specifications, project management, legal cost, and performance  
24 testing. The Stipulating Parties agree that OG&E's recovery of  
25 Owner's Costs through the GCR shall be limited to a cap of \$26  
26 million.

27 c) OG&E shall be allowed to recover a return, at the Company's most  
28 recently approved weighted average cost of capital for Allowance  
29 for Funds Used During Construction (“AFUDC”) and capitalized  
30 Property Taxes associated with the costs specified in Section II.B(a)  
31 and (b) above. Additionally, the Stipulating Parties agree that  
32 OG&E shall also include in the GCR depreciation expense, property  
33 tax expense, and investment tax credits associated with the capital  
34 investments specified in Section 11.B(a), (b), and AFUDC and  
35 capitalized Property Taxes.  
36

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<sup>1</sup> Responsive Testimony of Jason C. Chaplin: page 10, lines 16-20, page 11, lines 1- 5.

1 **Q: Does PUD agree with all provisions of Part B?**

2 A: Yes. PUD believes this part is fair, just, reasonable, and in the public interest. The GCR  
3 Rider is designed so that the recovery of costs can begin the month following the HL CTs  
4 being placed into service for the benefit of customers in late 2026. This ensures cost  
5 recovery begins when the HL CTs are used and useful for customers. The GCR Rider also  
6 promotes gradualism by phasing in the HL CTs into rates between rate cases.<sup>2</sup>

7 Additionally, as recommended in my Responsive Testimony, OAC 165:35-38-5(d) states:  
8 “Once submitted, the Self-build Proposal may not be modified by the soliciting utility. If a  
9 Self-build Proposal is selected and approved by the Commission, the amount the soliciting  
10 utility shall recover through the rate base or other cost-recovery methods without additional  
11 Commission approval is limited to the total project cost identified in the Self-build  
12 Proposal.” PUD believes that OG&E’s recovery should be limited to the original bid price  
13 of the HL CT project.<sup>3</sup>

14 Owner’s Costs are costs that will be incurred by OG&E in addition to the costs of  
15 purchasing the equipment and third-party costs of construction. These Owner’s Costs  
16 include items such as internal labor, construction oversight, engineering oversight to ensure  
17 design adequacy and technical compliance with specifications, project management to  
18 ensure timely, on-budget compliance with the contracts and technical specifications, legal  
19 fees related to negotiating the contracts and to handle disputes arising during construction,  
20 and performance testing after the HL CTs are constructed in order to validate performance

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<sup>2</sup> Direct Testimony of Kimber L. Shoop, page 14, lines 2 - 5

<sup>3</sup> Responsive Testimony of Trent A. Campbell, Page 8, lines 8-17.

1 to the design and technical specifications.<sup>4</sup> As I recommended in my Responsive  
2 Testimony, the Owner's Costs should be capped at \$26 million. As these costs are  
3 estimates, capping the costs will mitigate any additional risk to ratepayers.<sup>5</sup>

4 **Q: What is Part C in the Joint Stipulation?**

5 A: Part C of the Joint Stipulation states:

6 OG&E shall not recover any non-fuel O&M expenses associated with the  
7 HL CTs through the GCR. Also, in the event OG&E's HL CT project costs  
8 exceed the amounts specified in Section II.B of this Joint Stipulation, the  
9 Stipulating Parties agree that such excess costs or contingency costs shall not  
10 be eligible for recovery through the GCR. Any costs incurred by OG&E in  
11 excess of the amount contained in Section II.B of this Joint Stipulation (or  
12 any non-fuel O&M expenses) shall be reviewed for prudence in a general  
13 rate case in order to be recovered from customers.

14 **Q: Does PUD agree with Part C?**

15 A: Yes. As I recommended in my Responsive Testimony, PUD believes that non-fuel O&M  
16 costs associated with the project should not be recoverable through the proposed GCR  
17 tariff.<sup>6</sup>

18 **Q: What is Part D in the Joint Stipulation?**

19 A: Part D in the Joint Stipulation states:

20 The GCR shall expire upon the earlier of: (i) 18 months after the in-service  
21 date of the HL CTs or (ii) implementation of new rates following the next  
22 general rate case in which the in-service HL CTs are included in rate base.  
23 The Company must file a general rate case to include the Horseshoe Lake  
24 CTs in base rates no later than one year after the in-service date of the HL  
25 CTs.

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<sup>4</sup> Direct Testimony of Matthew J. Schuermann, Page 7, lines 18 – 25.

<sup>5</sup> Responsive Testimony of Trent A. Campbell, Page 9, lines 16-18.

<sup>6</sup> Responsive Testimony of Trent A. Campbell Page 10, lines 23-24.

1 **Q: Does PUD agree with Part D?**

2 A: Yes. PUD believes this provision is fair, just, reasonable, and in the public interest. PUD  
3 believes a limited effective term ensures that OG&E files a rate case in a timely manner to  
4 include the Projects in rate base once they have reached in-service status, and that recovery  
5 through the rider does not continue longer than strictly necessary.

6 **Q: What Part E in the Joint Stipulation?**

7 A: Part E. in the Joint Stipulation states:

8 The GCR shall recover costs from Power and Light and Large Power and  
9 Light customers pursuant to a demand or \$/kW charge rather than through  
10 an energy or \$/kWh charge.

11 **Q: Does PUD agree with Part E in the Joint Stipulation?**

12 A: Yes. PUD believes this provision is fair, just, reasonable, and in the public interest and the  
13 result of robust settlement negotiations.

### **RECOMMENDATION**

14 **Q: What is the Public Utility Division's ("PUD") recommendation to the Oklahoma**  
15 **Corporation Commission ("Commission") concerning Case No. PUD 2023-000038?**

16 A: PUD recommends the Commission approve the Joint Stipulation and Settlement  
17 Agreement ("Joint Stipulation") filed in this Case on October 10, 2023. PUD believes this  
18 Joint Stipulation is fair, just, reasonable, and in the public interest, and the result of robust  
19 settlement negotiations.

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.



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Trent A. Campbell

**CERTIFICATE OF ELECTRONIC SERVICE**

I, the undersigned, do hereby certify that on the 13<sup>th</sup> day of October 2023, a true and correct copy of the above and foregoing was sent electronically via the Electronic Case Filing System to those on the Official Electronic Case Filing Service List to the following:

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