

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF)
OKLAHOMA GAS AND ELECTRIC COMPANY) Case No. PUD2025-000038
FOR COMMISSION PREAPPROVAL OF NEW)
GENERATION CAPACITY PURSUANT TO)
17 O.S. § 286(C) AND RIDER COST RECOVERY)

Redacted Direct Testimony

of

Jason J. Thenmadathil

on behalf of

Oklahoma Gas and Electric Company

May 19, 2025

Jason J. Thenmadathil
Direct Testimony

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

2 A. My name is Jason J. Thenmadathil. My business address is 321 North Harvey, Oklahoma
3 City, Oklahoma 73102.
4

5 Q. **By whom are you employed and in what capacity?**

6 A. I am employed by Oklahoma Gas and Electric Company (“OG&E” or “Company”) as the
7 Sr. Manager of Regulatory Accounting.
8

9 Q. **Please summarize your educational background and professional qualifications.**

10 A. I received a Bachelor of Science degree in Accounting from the University of Central
11 Oklahoma. In 2005, I was employed by the Public Utility Division (“PUD”) of the
12 Oklahoma Corporation Commission (“Commission”) as a Public Utility Regulatory Analyst,
13 and later was promoted to Coordinator. As a PUD analyst, I testified in various utility cases
14 filed by electric and gas companies, including rate cases and fuel prudence reviews. In March
15 2010, I joined OG&E as a Senior Regulatory Accountant. In October 2017, I assumed
16 additional responsibilities as the Supervisor of Regulatory Accounting where I oversee the
17 work of members of the Regulatory Accounting group, whose responsibilities are to prepare
18 the minimum filing requirements (“MFR”) for rate cases and determine revenue
19 requirements for various rate filings. In May 2018, I was promoted to Manager of Regulatory
20 Accounting and later to Sr. Manager in May 2023.
21

22 Q. **Have you testified previously before this Commission?**

23 A. Yes. As a witness for OG&E, I previously submitted testimony in Cause Nos. PUD
24 201500266, 201500273, 201600319, 201700261, 201700496, 201800084, 201800140,
25 202100164, and 202300087. I have also testified in numerous proceedings as an analyst
26 for the PUD.

1 Q. **What is the purpose of your testimony?**

2 A. The purpose of my testimony is to sponsor the estimated revenue requirement and
3 customer impact associated with the selected projects from OG&E's 2024 All Source RFP.
4 My testimony also covers the potential future benefits of adding new large load customers
5 to the utility system.

6

7 Q. **Please explain how the revenue requirement was calculated for purposes of this
8 application.**

9 A. The revenue requirement consists of separate calculations for Horseshoe Lake Units 13 &
10 14 ("HL 13 & 14") and the Kiamichi and Black Kettle capacity purchase agreements
11 ("CPAs").

12 For HL 13 & 14, we are applying a calculation to determine the required revenues
13 needed to recover cost, along with the inclusion of recovery for Construction Work in
14 Progress ("CWIP"). The return on capital investment is calculated by multiplying net rate
15 base by the rate of return ("ROR"), which is comprised of a return on equity and debt
16 interest weighted against each other plus a factor to collect income taxes. That return is
17 then added to depreciation expenses, operations, and maintenance ("O&M") expense, and
18 property taxes. After applying applicable tax credits, this total represents the revenues
19 needed by the utility to recover its costs.

20 For the CPAs, the calculation includes the annual capacity payments and a return
21 on the CPAs at OG&E's weighted average cost of capital ("WACC") as described in the
22 Direct Testimony of OG&E witness Charles Walworth.

23

24 Q. **For your revenue requirement calculations, when would recovery begin?**

25 A. Rider cost recovery would begin once the Commission has approved the projects, and the
26 Company begins incurring costs. Costs for the Black Kettle CPA would be included in the
27 Generation Cost Recovery ("GCR") rider when OG&E begins paying for delivered
28 capacity in June 2027. Costs for the Kiamichi CPA would be included in the GCR when
29 OG&E begins paying for delivered capacity in 2029.

30 For HL 13 & 14, a return on the CWIP already incurred would begin as soon as the
31 Commission issues a final order in this proceeding. Then, once the HL 13 & 14 units are

placed in service (scheduled for the end of 2029), the revenue requirement would continue to be recovered through the GCR until included in base rates. Please see the testimony of Company witness Cash regarding the proposed GCR rider tariff language.

Q. Based on the cost recovery requested by OG&E in this case, have you calculated the revenue requirement and the resulting customer impact?

A. Yes. Chart 1 below shows the total Company and Oklahoma jurisdictional revenue requirements, and the resulting customer impact. Lines 1-2 represent capacity payments and the return requirement for the associated CPAs and Line 3 represents the revenue requirement for HL 13 & 14. Years 2026 through 2029 represent the return requirement on CWIP for HL 13 & 14, until the plant goes into service at the end of 2029 at which time a full revenue requirement begins.

Chart 1

Revenue Requirement and Customer Impact

Line No.	DESCRIPTION	Type	2026	2027	2028	2029	2030	2031
1	Black Kettle	CPA						
2	Kiamichi	CPA						
3	HL 13 & 14	PSA						
4	Total Company Rev Req							
5	OK Juris. Rev Req							
6	Residential \$/month		\$0.55	\$1.26	\$2.02	\$3.04	\$4.17	\$4.41

Q. Please explain how the customer impact was calculated.

A. To calculate the customer impact, the Company calculated 6 years of revenue requirement associated with the resource costs as shown in Chart 1 above. To arrive at the average residential cost per month, the revenue requirement was split using a production demand allocator approved in OG&E's last rate case, Case No. PUD202300087. Applying the average residential customer usage, the monthly bill impact is shown in Chart 1, Line 6 above.

1 Q. **Did you evaluate the difference in customer impact between utilizing AFUDC**
2 **recovery compared to the CWIP recovery as requested in this case?**

3 A. Yes. My customer impact calculation above includes CWIP recovery as requested in this
4 case. As discussed by OG&E witness Walworth, when analyzing the impact of AFUDC
5 over the life of HL 13 & 14, CWIP recovery produces approximately \$190.5 million in
6 customer savings compared to using AFUDC recovery. Meaning, the approval of CWIP
7 recovery in this case related to HL 13& 14 significantly reduces overall costs to customers.

8
9 Q. **In the future, if new large load customers are added to OG&E's system, can there be**
10 **benefits to all customers?**

11 A. Yes. Based on the potential for new load customers as described by OG&E witness John
12 Laws, the total kWh sales for the Oklahoma jurisdiction could increase significantly. When
13 additional kWh sales are realized, costs are spread across more kWh, thereby reducing the
14 cost per kWh for all customers, including residential customers. To put it simply, as more
15 kWh are added to a particular class due to the addition of a very large customer to that
16 class, the cost allocators are reduced for other customer classes. Therefore, the potential
17 addition of large load customers can benefit all customers on the system, and this impact
18 would be realized in future general rate case proceedings when new large loads are factored
19 into the cost of service.

20
21 Q. **Does this conclude your testimony?**

22 A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that on the 19th day of May 2025, a true and correct copy of the foregoing was electronically served via the Electronic Case Filing System to those on the Official Electronic Case Filing Service List, or via electronic mail to the following persons:

Oklahoma Corporation Commission

Mark Argenbright

Natasha Scott

Michael Velez

E.J. Thomas

mark.argenbright@occ.ok.gov

natasha.scott@occ.ok.gov

michael.velez@occ.ok.gov

ej.thomas@occ.ok.gov

pudenergy@occ.ok.gov

Oklahoma Attorney General

A. Chase Snodgrass

Thomas Grossnicklaus

Ashley Youngblood

Chase.snodgrass@oag.ok.gov

thomas.grossnicklaus@oag.ok.gov

ashley.youngblood@oag.ok.gov

Utility.regulation@oag.ok.gov



Deborah R. Thompson