

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
OKLAHOMA GAS AND ELECTRIC COMPANY)	
FOR APPROVAL OF A GENERAL CHANGE IN)	DOCKET NO. 16-052-U
RATES, CHARGES AND TARIFFS)	

DIRECT EXHIBIT CDC-1

OF

CLARK D. COTTEN
SENIOR ELECTRICAL ENGINEER

ON BEHALF OF THE GENERAL STAFF OF THE
ARKANSAS PUBLIC SERVICE COMMISSION

JANUARY 31, 2017

OKLAHOMA GAS AND ELECTRIC COMPANY
Response to Arkansas Public Service Commission
Staff Data Request APSC-079
Docket No. 16-052-U

Date Requested: 12/9/2016

Date Required: 12/27/2016

Requested by: Clark Cotten

79.01 What is the status of OG&E's compliance with the U.S. Environmental Protection Agency's (EPA) Clean Air Act to reduce regional haze and reduce emissions of toxic air pollutants?

Response*: OG&E is in compliance with the Mercury & Air Toxics Standards (MATS) requirements which took effect on April 16, 2016.

OG&E will be in compliance with the Regional Haze State Implementation Plan (SIP) emissions limits for Nitrogen Oxides (NO_x) by January 27, 2017 as required and with the Federal Implementation Plan (FIP) emissions limits for Sulfur Dioxide (SO₂) by January 4, 2019 as required.

Response provided by:	<u>Usha Turner</u>
Response provided on:	<u>December 22, 2016</u>
Contact & Phone No:	<u>Jason Bailey (405) 553-3406</u>

*By responding to these Data Requests, OG&E is not indicating that the provided information is relevant or material and OG&E is not waiving any objection as to relevance or materiality or confidentiality of the information or documents provided or the admissibility of such information or documents in this or in any other proceeding.

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79.07 Did OG&E conduct an economic analysis of compliance with the EPA rules for regional haze and toxic air pollutants to determine the economic value for its customers? If so, please provide a summary of that analysis.

Response*: OG&E conducted an economic analysis of compliance with the EPA rules for regional haze and toxic air pollutants to determine the economic value for its customers in the 2014 IRP Update. Please see **ARVEC 005.02_Att** for OG&E's 2014 IRP Update.

Response provided by:	<u>Leon Howell</u>
Response provided on:	<u>December 22, 2016</u>
Contact & Phone No:	<u>Jason Bailey (405) 553-3406</u>

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79.08 Are there other benefits to OG&E from making the investments necessary to meet the EPA requirements for regional haze and toxic air pollutants in order to maintain the operability of its resources? If so, please describe those benefits.

Response*: Compliance with the Regional Haze rules in effect significantly reduces the emissions of key pollutants from the OG&E units including nitrogen oxides (NO_x), Sulfur Dioxide (SO₂), Carbon Dioxide (CO₂) & Particulate Matter (PM). This reduction positions the affected facilities and the Company better toward compliance with future rules including National Ambient Air Quality Standards (NAAQS), coal ash management and the Clean Power Plan, all of which maintain the operability of these resources.

Response provided by:	<u>Usha Turner</u>
Response provided on:	<u>December 22, 2016</u>
Contact & Phone No:	<u>Jason Bailey (405) 553-3406</u>

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79.09 What is the current status of recovery of the capital investment to achieve compliance with the EPA regional haze and toxic air pollutant rules?

Response*: In Oklahoma, recovery has been requested and is part of a pending rate case for the following projects:

- Sooner Units 1 and 2 Low NO_x Burners
- Sooner Units 1 and 2 Activated Carbon Injection
- Muskogee Units 4 and 5 Low NO_x Burners
- Muskogee Units 4, 5 and 6 Activated Carbon Injection
- Seminole Units 1 and 2 Low NO_x Burners

The projects were included as plant additions. No party in the case challenged inclusion of the environmental projects in the rate case. The Administrative Law Judge issued his recommendation on December 8, 2016. His recommendation included the investment in the projects in rate base.

Recovery of the remaining Low NO_x unit at Seminole 3, the Dry Scrubbers, and the Natural Gas Conversion project will be sought in future rate cases in Oklahoma as those investments are placed in service.

In Arkansas, recovery is requested in this current case for all Low NO_x (including Seminole 3 in the pro forma year) and ACI investments in base rates. The Company is currently including all or some of those investments in the current Act 310 recovery.

Recovery of the remaining investments for Dry Scrubbers at Sooner and Natural Gas Conversion at Muskogee will be sought in Arkansas in an Act 310 filing at a future date.

Response provided by:	<u>Usha Turner/Donald Rowlett</u>
Response provided on:	<u>December 22, 2016</u>
Contact & Phone No:	<u>Jason Bailey (405) 553-3406</u>

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CERTIFICATE OF SERVICE

I, Justin A. Hinton, hereby certify that a copy of the foregoing has been served on all parties of record by electronic mail via the Electronic Filing System this 31th day of January, 2017.

/s/ Justin A. Hinton
Justin A. Hinton