

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))

CASE NO. PUD 2023-000038



RESPONSIVE TESTIMONY

OF

TRENT A. CAMPBELL

AUGUST 31, 2023

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

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EXECUTIVE SUMMARY

1
2 On May 31, 2023, Oklahoma Gas and Electric Company (“OG&E” or “Company”) filed
3 its Application for preapproval of new generation capacity pursuant to 17 O.S. §
4 286(C). The Public Utility Division (“PUD”) of the Oklahoma Corporation Commission
5 (“Commission”) reviewed the Application, the workpapers and testimony filed by OG&E
6 witnesses, and Final Order No. 696007 in Cause No. PUD 201800159. PUD issued data
7 requests and reviewed the responses provided by OG&E, as well as responses to data
8 requests issued by the intervenors to this Case. Additionally, PUD conducted virtual and
9 in-person audit conferences with OG&E personnel to discuss the areas under review in this
10 filing.

11 The original bid price of the Horseshoe Lake Combustion Turbine project was
12 approximately \$249 million. This increased to approximately \$286 million after the bid
13 was submitted. Pursuant to OAC 165:35-38-5 (d), PUD recommends Commission
14 approval be limited to the total project cost identified in the Self-build proposal of \$249
15 million.

16
17 Additionally, PUD believes that including the additional \$18.8 million contingency cost
18 shifts the risk to the ratepayers. This cost should also not be allowed because the exact
19 amount of these costs have not been shown.

20 Lastly, PUD understands that annual Operation and Maintenance (“O&M”) expense costs
21 will not increase as a result of this case.

INTRODUCTION

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Q: Please state your name and your business address.

A: My name is Trent A. Campbell. My business address is Oklahoma Corporation Commission, Public Utility Division, Will Rogers Office Building, PUD Suite 414, 2401 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105.

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

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

Q: Who employs you and what is your position?

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

Q: What are your duties and responsibilities with PUD?

A: I conduct research and perform comparative analysis of utility applications, reports, financial records, and workpapers to ensure that PUD can make accurate recommendations. My primary responsibilities include assigning and reviewing all fuel review audits, acting as a witness, submitting testimony on fuel related cases, and managing the fuels team on

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

3 **PURPOSE**

4 **Q: What is the purpose of your Responsive Testimony regarding OG&E's Application for**
5 **preapproval of new generation capacity as filed in Case No. PUD 2023-000038?**

6 A: The purpose of my Responsive Testimony is to present PUD's recommendations to the
7 Commission regarding contract prudence, specifically Bid Costs, Owners Cost and
8 Contingency Costs regarding OG&E's application for preapproval of new generation
9 capacity.

10 **PUD'S REVIEW PROCESS**

11 **Q: Please explain PUD's review process in this Cause.**

12 A: PUD reviewed Final Order 696007 in Cause No. PUD 201800159 and the Direct
13 Testimony and associated workpapers filed by Company witnesses in this case. PUD
14 issued data requests and reviewed the responses, as well as the responses to data requests
15 issued by other parties to this Case. PUD conducted multiple audit conferences with the
16 Company to discuss the areas under review in this filing. During these audit conferences,
17 PUD analysts posed questions to Company witnesses and reviewed documentation
18 requested both on an informal basis and through data requests.

¹ Exhibit TAC-1.

OG&E'S APPLICATION

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Q: What is being requested in this Application for preapproval by OG&E?

A: The Company is requesting the Commission find that there is a need for the new generation at the Horseshoe Lake plant location (HL CTs), involving the purchase of two 224 MW combustion turbines, for a total of 448 MWs. These will replace older steam fired generators that will be retired and that those generating units will be used and useful when placed in service by OG&E. OG&E is also requesting that the Commission find that the Company properly considered reasonable alternatives through a series of RFPs; and lastly approval of the proposed Generation Capacity Rider (“GCR”) that should be implemented for recovery of the costs associated with these generating units when placed in service.

Q: What costs are being requested in this case?

A: The total cost of the HL CTs, including owners costs and contingency costs are approximately \$330 million.²

Q: What makes up the approximately \$330 million?

A: This amount is made up of three items. The cost of the CT units estimated to be \$286 million, with Owner’s Cost as discussed below being approximately \$26 million. The remaining is the contingency cost of six percent (6%) of the CT units and Owners Cost, or \$18.8 million. These costs are discussed in greater detail in the Direct Testimony of Company Witnesses Kimber L. Shoop and Matthew J. Schuermann.³

² Combination of HL CT Cost of \$286M (Direct Testimony of Matthew J. Schuermann, Pg 6, Ln 24), Owners Cost of \$26M (Schuermann, Pg 7, Ln 28) and Contingency Costs of \$18.8M (Schuermann, Pg 8, Ln 31)
³ Ibid (Schuermann); Direct Testimony of Kimber L. Shoop Pg. 11, Ln. 30 – Pg. 13, Ln. 17

1 **Q: What was the original bid price of the HL CT project?**

2 A: Approximately \$249 Million.⁴

3 **Q: How did the HL CT bid get formed for submission into the Flexible Resource RFP?**

4 A: According to the Direct Testimony of OG&E witness Matthew J. Schuermann, “(t)he Bid
5 Team, who supplied the bid into the RFP, submitted a firm price with a bid validity period
6 and a set of commercial and technical exceptions and clarifications. The bid was comprised
7 of two components: (i) the purchase of the CTs themselves as proposed by the General
8 Electric Company (“GE”), who is the Original Equipment Manufacturer (“OEM”) (the
9 “CT Procurement Contract”); and (ii) the balance of plant (“BOP”) engineering,
10 procurement and construction (“EPC”) contract with a joint venture (“JV”) between
11 Sargent & Lundy, an engineering and design firm, and TIC- The Industrial Company, an
12 industrial construction company (hereinafter the “JV Contract”).”⁵

13 **Q: What is the reason for the approximately \$37 Million increase in cost?**

14 A: According to OG&E the awarded value of “(t)he CT Procurement Contract is
15 approximately \$9 million higher than the original pricing due to necessary costs to comply
16 with technical specifications. For example, the technical specifications included a closed
17 cooling water heat exchanger system that withstand[s] winter weather conditions such as
18 those experienced during the winter storm of 2021. Even though this was included in the

⁴ Direct Testimony of Matthew J. Schuermann Page 6 lines 20-21

⁵ Direct Testimony of Matthew J. Schuermann at page 3, lines 9 – 17.

1 technical specifications was referenced by the RFP documents, this was not part of GE's
2 base offering, so it resulted in a scope and price increase.”⁶

3 OG&E further stated that, “(t)he awarded value of the JV Contract is approximately \$27
4 million higher than the original pricing. This was largely caused by (i) changes to the
5 scope, such as the need for a new operations and maintenance building; (ii) inflation; and
6 (iii) extension of the project’s in-service date.”⁷

7

8 **Q: Does PUD have any recommendations regarding the cost?**

9 A: Yes, PUD recommends that OG&E be limited to recover the original bid price of the HL
10 CT project in the approximate amount of \$249 million.

11 **Q: Are there any Commission rules which support your recommendation?**

12 A: Yes, OAC 165:35-38-5(d) states in pertinent part:

13 (d) Once submitted, the Self-build Proposal may not be modified by the soliciting utility.
14 If a Self-build Proposal is selected and approved by the Commission, the amount the
15 soliciting utility shall recover through the rate base or other cost-recovery methods without
16 additional Commission approval is limited to the total project cost identified in the Self-
17 build Proposal.”

18

⁶ Direct Testimony of Matthew J. Schuermann at page 6, lines 25-30, Page 7 lines 1 – 2.

⁷ Direct Testimony of Matthew J. Schuermann at page 7, lines 3 – 6.

1 **Q: Are there additional reasons to limit the amount approved for recovery to the**
2 **approximate amount of \$249 million?**

3 A: Yes, PUD understands that while certain technical specifications were included in the RFP,
4 those costs should have also been included in the total cost prior to the awarding of the
5 bid⁸. For example, the closed cooling water heat exchanger system was not offered by GE
6 at the time the bid was submitted in the RFP. Additionally, this bid could have also
7 included an estimation of inflation, knowing that there would be a passage of time for
8 completion of the RFP process, the awarding of the bids, and completions of contracts.

9
10 **Q: What is the Owner's Cost as requested in this case?**

11 A: As stated by OG&E, these are additional costs that will be incurred in addition to the costs of
12 purchasing the equipment and third-party costs of constructing the project.⁹ These costs consist of
13 Construction Management, Overhead, Engineering, IRP RFP Costs and Transmission and
14 Distribution expenses.¹⁰

15 **Q: Does PUD have any recommendations regarding the cost?**

16 A: Yes. PUD recommends that the Owner's Cost be capped at the stated amount of
17 approximately \$26 million, as stated in the application. The Owner's Costs are estimates,
18 and by capping the cost, risk to ratepayers would be mitigated.

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⁸ Direct Testimony of Matthew J. Schuermann, Pg. 6 Lns. 27-30

⁹ Direct Testimony of Kimber L. Shoop. Pg. 12, Lines 16-27

¹⁰ DR Response PUD 01-08.xlsx

1 **Q: What are the contingency costs?**

2 A: As discussed in Mr. Schuermann's Direct Testimony, "Contingency Costs are risks borne
3 by the owner and may materialize during the construction process. The inclusion of a
4 contingency budget is necessary to account for unexpected costs that may
5 materialize....."¹¹ These costs are estimated to be \$18.8 million, or six percent (6%) of
6 the CT Units and Owner's Costs combined.

7
8 **Q: Does PUD have any recommendations regarding the cost?**

9 A: Yes, PUD believes that the costs of \$18.8 million should not be allowed. PUD believes
10 that while unknown additional costs are expected in any construction project, with
11 inclusion of any contingency costs, additional risks are shifted to the ratepayer if approved.

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OPERATIONS AND MAINTENANCE (O&M) COST

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17 **Q: Did the Company include any operations and maintenance ("O&M") expenses in this**
18 **filing?**

19 A: No. The company does not expect an incremental O&M increase for these new units
20 relative to the units currently in service and included in base rates.¹²

21

22 **Q: Does PUD agree with this?**

23 A: Yes, PUD believes that non-fuel O&M costs associated with the Projects should not be
24 recoverable through the proposed GCR tariff. In response to a data request issued by the

1 Oklahoma Attorney General, OG&E stated, and stated above, that the Company does not
2 expect an incremental O&M increase for the new units relative to the units currently in
3 service at the Horseshoe Lake Facility.¹³ The units currently in service at the Horseshoe
4 Lake Facility are included in OG&E's rate base, and their associated O&M expenses are
5 being recovered from ratepayers through base rates. Therefore, based on OG&E's
6 response to the data request, any level of O&M expenses associated with the Projects
7 incurred during the pendency of the proposed GCR tariff are already accounted for through
8 base rate recovery.

9 **RECOMMENDATION**

10 **Q: What are the Public Utility Division's ("PUD") recommendations to the Oklahoma**
11 **Corporation Commission ("Commission") concerning the matter of the application**
12 **of Oklahoma Gas and Electric Company for the Commission preapproval of new**
13 **generation pursuant to 17 O.S. SECTION 286(C)?**

14 **A:** The original bid price of the Horseshoe Lake Combustion Turbine project was
15 approximately \$249 million. This increased to approximately \$286 million after the bid
16 was submitted. Pursuant to OAC 165:35-38-5 (d), PUD recommends Commission
17 approval be limited to the total project cost identified in the Self-build proposal of \$249
18 million.

19 Additionally, PUD believes that including the additional \$18.8 million contingency cost
20 shifts the risk to the ratepayers. This cost should also not be allowed because the exact

1 amount of these costs have not been shown. Lastly, PUD understands that annual
2 Operation and Maintenance (“O&M”) expense costs will not increase as a result of this
3 case.

4 **Q: What is PUD's overall recommendation?**

5 A: In addition to the items listed above, PUD recommends the Commission accept this project
6 as fair, just and reasonable and in the public interest.

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.



Trent A. Campbell

Oklahoma Gas and Electric – Case No. PUD 2023-000038

LIST OF EXHIBITS

TAC-1

Curriculum Vitae



Trent Alan Campbell

2022 Curriculum Vitae

Contact

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580 Jim Thorpe Building
 P.O. Box 52000
 Oklahoma City, OK 73152

Educatio

University of Central 1990-1994
 • B.B.A, Finance
 • Accounting Major Coursework 2000-2003

Work Experience

Oklahoma Corporation Commission Oct 2008 –
2014 / 2022 -
Present

Public Utility Rates Analyst (October 2008 – 2010)

- Lead case analyst and expert witness on OCC Public Utility Division (PUD) Causes.
- Support analyst on PUD Causes.

Fuels Coordinator (2010 – October 2011)

- Responsible for assigning and reviewing all fuel audits and monthly fuel reviews for the PUD.
- Fuel Audits witness

Electric Transmission Advisor (November 2011 – 2014)

- Sit as a voting member of the Cost Allocation Working Group (CAWG) of the Southwest Power Pool (SPP)
- Advise Commissioner Dana Murphy (sitting and voting member of the Regional State Committee (RSC) for SPP for the State of Oklahoma
- Review transmission projects for the State of Oklahoma as a part the Integrated Transmission Planning for SPP
- Monitor other committees within SPP for transmission projects and advise accordingly.
- Member of the Transmission Group for the OCC

Programs Manager – Fuels/Transmission (June 2022 – Current)

- Responsible for assigning and reviewing all fuel review audits.
- Fuel Audits witness
- Manage Fuel Team on completion of all fuel audits and all fuel related assignments.

Federal Reserve Bank of Kansas City May 2008 to
Sept 2008

Senior Assistant Examiner

- Core responsibility was to regulate and supervise financial institutions to promote the safety, soundness, compliance, and stability of the U.S. banking system.
- Performed and/or led supervisory activities for financial institutions or other supervised entities, which mainly included examinations and inspections. Was exposed to broad-based supervisory activities (safety and soundness) with a focus on distinct segments of supervisory work, such as Accounting, Audit/Enterprise Risk Management, Bank Secrecy Act/Anti-Money Laundering, Business Technology, Capital Markets, Credit, Operational Risk, Payments, Trust/Fiduciary Activities, etc.
- Conducted extensive analysis of quantitative and qualitative factors from multiple sources and tools, as well as engaged in challenging discussions with executive level management and boards of directors.
- Applied sound supervisory judgment and considered multiple viewpoints to formulate appropriate supervisory conclusions and recommendations based on large amounts of subjective and potentially conflicting or sensitive information.
- Collaborated with and/or led examination or inspection teams to ensure activities were completed effectively and consistently; managed multiple workflows and interdependencies of work completed by a team; set expectations for team performance and was responsible for holding the



Trent Alan Campbell

2022 Curriculum Vitae

team accountable; fostered an inclusive environment that promoted sharing of divergent views and diversity of thought.

- Prepared, or coordinated the preparation of, written reports or other correspondence to communicate findings and matters of supervisory/policy interest to executive level management and boards of directors.
- Represented the Reserve Bank's official position in meetings with executive level management and boards of directors of supervised organizations to communicate and provide support for supervisory conclusions.
- Served as a resource to internal and external constituents on regulatory matters, interpreting and providing guidance, education, and outreach to promote compliance with laws, regulations, and principles of sound risk management.
- Developed and maintained highly specialized technical knowledge consistent with System standards.

Devon Energy Corporation	Sept 2014 to February 2016
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Lead Financial Accountant

Supports Devon Energy primarily through the maintaining, implementing, and remediation of Sarbanes-Oxley (SOX) compliance initiatives. Primary responsibility is to document and assess internal controls over financial reporting as part of Devon's ongoing SOX compliance efforts.

- Acted as Application administrator for SOX SharePoint site.
- Prepared and coordinated review of annual SOX compliance plan with key stakeholders.
- Conducted Control Self-Assessment training for users at all levels.
- Acted as point person for SOX control testing, primarily through the Control Self-Assessment program.
- Conducted SOX testing at the entity level.
- Prepared and maintained quarterly and annual SOX management reports.
- Coordinated management review of sub-process narratives and process flow-charts in preparation for SOX testing.
- Continually analysed processes and procedures in all areas of the SOX program and provides ideas and feedback to supervisor and management.
- Prepared Audit committee communication materials.

OFFICE OF STATE FINANCE	May 2008 to Sept 2008
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Auditor III

- Assisted in developing and executing audit test plans for accounts payable and alternate systems to be compliant with state statutes
- Conduct pre and post audit transaction processed through statewide core accounts payable system
- Analyze audit results and prepared reports including audit exception trends and transaction errors.
- Communicated recommendations and follow up comments with agency personnel, CPA firms, and university officials

SONIC CORPORATION	2002-2008
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Internal Auditor

- Responsible for internal audit functions on a corporate, company store and franchise store level.

Corporate Level -

- Assisted the external audit firm, Ernst & Young (E&Y) on the preparation of Sonic's yearly financials including testing the documentation received from multiple financial departments to assure E&Y of accuracy and completeness.
- Acted as liaison between Corporate Staff and E&Y.
- Performed analytical work on financial statements and performed



Trent Alan Campbell

2022 Curriculum Vitae

- research on variances occurring from year-to-year comparisons.
- Performed some Sarbanes-Oxley (SOX) testing and documentation according to industry standards.
- Assisted in reviewing and approving all expense reports for corporate employees, verifying that all expenses were within limits of company and IRS guidelines.

Company Level –

- Performed analysis and audit work at approximately 400 company-owned drive-ins throughout multiple states. Ensured adherence to set policies and procedures.
- Reviewed daily administration functions and record retention, and audited employee payroll and time cards.
- Reviewed employee personnel files for applicable state / federal law requirements.
- Detailed minor food safety procedures and temperature documentation.

Franchise Stores –

- Performed approximately 60 Franchise Sales Audits and Reviews throughout multiple states to validate that reported net sales were true and accurate based on products purchased.
- Reviewed and tested paid invoices, bank statements, general ledgers, daily sales reports and tax returns.
- Audited the franchise operation of international stores in Mexico, resulting in forcing a franchisee from the system and turning 7 drive-ins into company-owned stores.

Attended several Executive Study Groups for Internal Auditors hosted by the National Restaurant Association and was recently a presenter.

Participated in two National Sonic Conventions and two Sonic Employee of the Year ceremonies as the emcee.

BANK ONE, OKLAHOMA, N.A.	1991-2002
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Banking Center Management

- Served as Assistant Vice President at the Midwest City Central and North Banking centers, responsible for profit and loss management and branch goals.
- Supervised approximately 75 tellers and customer service associates, and provided annual reviews.
- Conducted outside calls to create new sales.
- Managed daily critical decision-making at 6 different branch locations.
- Served as Operations Manager/Assistant Manager at 4 different branch locations overseeing day-to-day operations, hiring, training and scheduling customer service staff, and assisting customers with their banking needs.
- Performed Branch Control procedures to ensure policies and procedures were followed and assets were safeguarded.

Professional Associations

- National Restaurant Association – Internal Auditors Executive Group
- University of Central Oklahoma – Finance Club
- Southwest Baptist Church – Finance Committee
- Capitol Hill Baptist Church – Finance Committee

Professional Training

- Numerous Executive Study Groups of Internal Auditors – National Restaurant Assn.
- Communicating with Diplomacy and Tact – National Seminars Group
- Business Speaking Skills – National Seminars Group
- Leadership Effectiveness Training – Kent Stickler
- Success 2000 Training – Bank One
- Bank One Managerial and Finance training coursework
- NARUC 30th Annual Western Utility Rate School. May 2009

Case No. PUD 2023-000038
Certificate of Electronic Service

CERTIFICATE OF ELECTRONIC SERVICE

I, the undersigned, do hereby certify that on the 31st day of August 2023, a true and correct copy of the above and foregoing was sent electronically to:

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