

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

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)

CAUSE NO. PUD 201800140

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CORPORATION COMMISSION
OF OKLAHOMA

Direct Testimony

of

Gregory McAuley

on behalf of

Oklahoma Gas and Electric Company

December 31, 2018

Gregory McAuley
Direct Testimony

1 Q. **Please state your name, your employer, position and business address.**

2 A. My name is Gregory McAuley. I am the Director of RTO Policy & Development for
3 Oklahoma Gas and Electric Company (“OG&E” or “Company”). My business address is
4 321 N. Harvey, Oklahoma City, Oklahoma 73102.
5

6 Q. **Briefly summarize your education and professional background in the electric utility
7 industry.**

8 A. I hold a Bachelor of Science in Mechanical Engineering from the University of South
9 Florida (“USF”), Tampa, FL. I began my electric utility career at Tampa Electric Company
10 (“TECO”) in January 1992 and worked in various capacities there until I joined OG&E in
11 2009. While at TECO, I had opportunities to work within many facets of the utility. My
12 responsibilities included power plant engineering and maintenance, commercial and
13 industrial account management, transmission and distribution facilities construction,
14 operations, and maintenance, and environmental operations and testing. In January 2009, I
15 was hired by OG&E to be Senior Manager – Transmission Operations in OG&E’s
16 Transmission Operations Control Center. In July 2015, I took over the responsibilities for
17 leading OG&E’s efforts required by its membership in the Southwest Power Pool (“SPP”),
18 OG&E’s Regional Transmission Organization (“RTO”).
19

20 Q. **What are your responsibilities as Director of RTO Policy & Development?**

21 A. I lead the group responsible for providing strategic oversight for OG&E’s interactions with
22 RTOs, particularly with the SPP. I represent OG&E in policy and RTO-related leadership
23 positions, including the Member’s Committee and the Markets & Operations Policy
24 Committee at the SPP.
25

26 Q. **What were your responsibilities as Senior Manager of Transmission Operations?**

27 A. I led the group responsible for real time operation of OG&E’s Bulk Electric System and
28 Interconnections, fulfilling its role as a Transmission Operator as regulated by the Federal
29 Energy Regulatory Commission (“FERC”), the North American Electric Reliability

1 Corporation (“NERC”) and the SPP. The Transmission Operations team is tasked with
2 monitoring and operating OG&E’s transmission system that consists of over 5,700 circuit
3 miles of transmission lines, 158 transmission substations, and 43 generation facilities, 29 of
4 which are wind farms. That work involves many day-to-day and real-time responsibilities
5 as required by the NERC Reliability Standards and SPP Criteria. Those responsibilities
6 include monitoring and controlling the real-time status of all elements of the OG&E
7 transmission system for reliable operation. My responsibilities included providing
8 leadership and making certain the Transmission Operations team had the tools and resources
9 necessary to perform the critical functions for which it is responsible.

10 In addition to supervising our day-to-day operations, I represented OG&E as a
11 member of the Operations Reliability Working Group (“ORWG”) for the SPP. The ORWG
12 implements, coordinates, and maintains criteria related to the reliable and secure operation
13 of the bulk electric system operated by the members of the SPP.

14 I also represented OG&E as Vice Chair of the Balancing Authority Operating
15 Committee, which is responsible for reviewing and approving SPP’s Balancing Authority
16 Operating Protocols and Emergency Operating Plan (EOP). The Balancing Authority
17 Operating Protocols detail the elements that are required to support the operation of the SPP
18 Balancing Authority, as addressed in Attachment AN of the SPP Open Access Transmission
19 Tariff. These elements include items such as Tie Line Data, Frequency Measurement Data,
20 Generation Data, Emergency Operating Data and Communications coordination.

21 The Emergency Operating Plan (“EOP”) describes the fundamental concepts used
22 to mitigate various types of system emergencies. It describes the authority and responsibility
23 of the various functions within the SPP Balancing Authority (“BA”) footprint as well as the
24 requirements for ensuring that the plan is regularly reviewed and updated. The EOP
25 addresses emergency operational subjects such as how to operate with neighboring entities,
26 staffing levels for various emergencies, communication methods, fuel supply limitations
27 and inventory, environmental constraints, load shedding and system restoration, among
28 others.

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

2 A. Yes. I filed testimony in Cause Nos. PUD 201400229 and 201700496. I have also filed
3 testimony before the Arkansas Public Service Commission in Docket No. 16-014-U.
4

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

6 A. My testimony will address OG&E's role in the SPP, and how that role supports the
7 reasonableness of the charges that flow through the SPP Cost Tracker ("SPPCT").
8

9 Q. **Please describe OG&E's role as a member of the SPP.**

10 A. As I mentioned above, OG&E is a member of the SPP RTO and a participant in SPP's
11 Integrated Marketplace ("IM"). As a member of the SPP RTO, OG&E has placed its
12 transmission facilities under the functional control of SPP and under the SPP Open Access
13 Transmission Tariff ("OATT"). As such, OG&E is subject to and a participant in the
14 stakeholder process implemented by SPP as approved by the Federal Energy Regulatory
15 Commission ("FERC").
16

17 Q. **Please describe the stakeholder process at the SPP.**

18 A. OG&E actively participates in the stakeholder process to help ensure the most reliable, cost-
19 effective outcomes for its customers. We do so by placing OG&E members on Working
20 Groups, Task Forces and Committees within their respective areas of expertise to represent
21 our customers at every step of the process. In my role as Director, RTO Policy &
22 Development, I ensure that we have the right people in the right roles within the stakeholder
23 process at SPP. I coordinate and conduct monthly group meetings with the OG&E members
24 who represent us on the various working groups, task forces and committees and facilitate
25 deliberations that confirm OG&E's position on issues. This coordination helps produce a
26 consistent and deliberate approach to the various issues under consideration.

27 SPP describes its stakeholder process as follows:

28 *SPP is a member-driven, relationship-based organization. We have*
29 *in place a rigorous and transparent stakeholder process by which*
30 *policy decisions are developed, informed, vetted and approved by*
31 *diverse groups of stakeholders working together on behalf of*

1 *everyone in our region. Hundreds of individuals representing our 95*
2 *member companies and other organizations serve on dozens of*
3 *committees, working groups and task forces (“org groups”,*
4 *collectively) where decisions are made that fuel the continued*
5 *evolution of SPP.*¹
6

7 **Q. Can you comment on the various groups at the SPP that OG&E is involved in?**

8 **A.** Yes. While many OG&E members interact with various parts of SPP, as of December 2018,
9 OG&E has 24 members who are actively engaged in the SPP stakeholder process. For
10 example, in the Economic Studies Working Group (ESWG), we have our Director-
11 Resource Planning, Leon Howell, as a voting member. Leon’s expertise in building and
12 coordinating resource models is most useful in driving realistic regional models that
13 ultimately lead to portfolios of transmission projects that contain only the amount of capital
14 construction actually needed; to the extent the modeling suggests they will result in benefits
15 to customers.

16 Once the ESWG approves a portfolio of projects, that portfolio is reviewed by the
17 Transmission Working Group (“TWG”) that is chaired by OG&E’s Travis Hyde, Director
18 – Transmission & Distribution Planning. The TWG is responsible, among other things, for
19 coordinating with SPP staff in the development of the SPP Transmission Expansion Plan
20 (“STEP”).

21 The policies governing the SPP IM are developed and managed, in large part, within
22 the Market Working Group (“MWG”) whose job it is to develop and maintain the market
23 protocols that define SPP-administered wholesale markets. OG&E’s Shawn McBroom,
24 Manager- Market Operations represents us in that working group.

25 The Markets and Operations Policy Committee (“MOPC”), a full-representation
26 group of which I am one of two OG&E voting members, ultimately votes to approve or
27 reject recommendations from the various working groups. Finally, the Member’s
28 Committee, composed of representatives from various stakeholder sectors, votes on MOPC
29 recommendations to the SPP’s independent Board of Directors (“SPP BOD”) who has

¹ <https://www.spp.org/about-us/stakeholder-process/>

1 ultimate authority in approving or rejecting projects. I was recently elected by the SPP BOD
2 to the member's committee and serve as an Investor-Owned-Utility "(IOU)" representative
3 there.

4 In addition to the many working groups and task forces on which OG&E
5 participates, we are also active in SPP BOD level committees such as the Finance
6 Committee and Human Resources Committee to ensure SPP's cost activities line up with
7 the customer focused approach we undertake at OGE.

8
9 **Q. Could you give an example of how OG&E's representation at the SPP benefits**
10 **customers?**

11 **A.** A recent example of how we represent OG&E customers is the Potter-Tolk 345kV project.
12 This was a 109-mile, 345kV line that was proposed in the panhandle of Texas. The estimate
13 to build the line was \$173 million, of which OG&E's customers would have been obligated
14 to pay more than \$18 million under the SPP's current cost-allocation methodology. After
15 analyzing the proposal and listening to SPP Staff's presentation on the matter, we used our
16 internal meeting time to discuss the issues. During those discussions, the various OG&E
17 representatives concluded that the Potter-Tolk line was much too costly a solution and began
18 the process of influencing the discussions within the stakeholder groups. After much debate
19 within the ESWG and TWG, a recommendation to withdraw the project was presented to
20 MOPC. In my role at MOPC, I spoke in favor of that recommendation and made the motion
21 to approve the withdrawal of the project. That motion was approved and affirmed at the
22 following SPP BOD meeting.

23 Another example of OG&E's leadership in focusing on customer costs is the
24 addition of a phase-shifting transformer in the Woodward, OK area. Because of the
25 development of so much wind west of Woodward, and a majority of the SPP load to the
26 east, a transmission constraint was causing significant congestion charges in the SPP
27 Integrated Marketplace. As the constraint was analyzed, various stakeholders were calling
28 for additional transmission line expansion as the solution. That could have cost tens if not
29 hundreds of millions of dollars. After further analysis, OG&E determined that the most
30 direct and cost effective solution was the installation of a phase-shifting transformer that
31 effectively blocked the overload that was causing the constraint. It took several months of

1 meetings and debates to reach agreement from SPP and once approval was achieved, the
2 resulting project eliminated a great deal of the congestion charges with a resulting
3 investment of approximately \$7 million; much, much less than any of the proposed
4 transmission line solutions.

5
6 **Q. Does the SPP have a report which discusses all approved projects?**

7 A. Yes. The SPP Integrated Transmission Plan (“ITP”) is updated annually and details all of
8 the SPP’s current projects.²

9
10 **Q. Could you please explain the ITP and the SPP planning process?**

11 A. The SPP’s overall planning process is referred to as the SPP Transmission Expansion Plan,
12 or STEP. The STEP is made up of several planning processes, one of which is the Integrated
13 Transmission Planning Assessment, or ITP Assessment. The ITP Assessment, described
14 more fully in Attachment O Section III of the SPP Open Access Transmission Tariff and
15 the ITP Manual, was recently redesigned to produce an annual transmission planning report
16 that assesses two, five and ten-year reliability, economic and policy needs.³ The assessment
17 requires and includes modeling input from a variety of stakeholders, primarily Transmission
18 Owners within the SPP footprint, including OG&E, and concludes with a recommended
19 portfolio of transmission upgrades to resolve whatever system problems or economic
20 opportunities identified. The two primary SPP working groups tasked with overseeing the
21 development and execution of the ITP assessment are the Economic Studies Working Group
22 (“ESWG”) and the Transmission Working Group (“TWG”).

23 While the two groups share overall responsibility for the assessment, including the
24 study scope, load forecasts and generation locations, the ESWG is responsible for
25 developing the scenarios, or “futures” to be studied. They are also responsible for
26 developing the economic analysis to be included in the study.

27 The TWG is responsible for ensuring that the overall transmission topology is
28 modeled as accurately as possible. They are also responsible for developing the various
29 reliability and power flow models to be used.

² <https://www.spp.org/engineering/transmission-planning/>

³ <https://www.spp.org/documents/58346/itpnt%20two-page%20summary.pdf>

1 Other groups with input into the ITP Assessment include the Model Development
2 Working Group (“MDWG”), Seams Steering Committee (“SSC”), Strategic Planning
3 Committee (“SPC”), Markets and Operations Policy Committee (“MOPC”), Regional State
4 Committee (“RSC”) and the SPP Board of Directors, who have final approval authority over
5 the Assessment report as well as the Recommended Plan.

6 OG&E has a voting representative on each group mentioned above, with the
7 exception of the SPC, as the result of a retirement at the end of 2017. OG&E’s internal
8 coordination process is used to ensure that as the ITP Assessment progresses, the interests
9 of our customers are represented in all the responsible groups, including the SPC as that
10 group’s meetings are almost always public, and OG&E regularly participates.

11 OG&E has been an outspoken opponent of transmission expansion that did not
12 clearly benefit customers, such as the Potter-Tolk 345 project mentioned earlier. In fact,
13 the number of projects in the ITP portfolios have continued to drop in overall dollar value
14 to the point that in 2018, the ITP portfolio saw more projects withdrawn that had already
15 been issued for construction, than were issued, for a net portfolio value of -\$37 million.
16 OG&E has been a leader in creating this trend through our direct involvement and leadership
17 within SPP working groups, task forces and committees.

18
19 **Q. Do you have any concluding thoughts?**

20 **A.** Yes. OG&E’s involvement and leadership in the SPP ensures that projects whose costs are
21 recovered by the Southwest Power Pool Cost Tracker (“SPPCT”) undergo rigorous
22 evaluation, prior to those costs being passed on to OG&E customers. OG&E witness Jason
23 Thenmadathil discusses the costs the specific costs associated with the SPPCT.

24
25 **Q. Does this conclude your testimony?**

26 **A.** Yes, it does.