

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

JASON C. CHAPLIN

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. § 286(C).
4 OG&E requests the Oklahoma Corporation Commission (“OCC”) approve the Horseshoe
5 Lake Combustion Turbines (“HL CTs”), which consist of two General Electric 7F.05 CTs
6 with Dry Low-NOx Combustion systems in a simple cycle configuration. The HL CTs are
7 natural gas-fired combustion turbines capable of burning a hydrogen blend with a summer
8 capacity of 224 MW per unit for a total of 448 MW. The Public Utility Division (“PUD”)
9 reviewed the Application, the workpapers and testimony filed by OG&E witnesses, and
10 Final Order No. 696007 in Cause No. PUD 201800159. PUD issued data requests and
11 reviewed the responses provided by OG&E, as well as responses to data requests issued by
12 the intervenors to this Case. Additionally, PUD conducted virtual and in-person audit
13 conferences with OG&E personnel to discuss the areas under review in this filing.

14 Pursuant to 17 O.S. § 286(C), if, and to the extent that, the Commission determines there
15 is a need for construction of the electric generating facility, the generating facility shall be
16 considered used and useful, and its costs shall be subject to cost recovery rules promulgated
17 by the Commission. The Commission shall enter an order on an application filed within
18 two hundred forty (240) days of the filing of the application, following notice and hearing
19 and after consideration of reasonable alternatives.

20 After review, it is PUD's opinion that the Company has a generation capacity need and has
21 considered reasonable alternatives. Therefore, PUD recommends approval of the

1 Company's Application for new generation capacity subject to cost recovery rules ordered
2 by the Commission.

3 **INTRODUCTION**

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

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

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

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

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

13 A: I am employed by the Oklahoma Corporation Commission's Public Utility Division as a
14 Programs Manger IV.

15 **Q: How long have you been so employed?**

16 A: I have been employed by the Commission since October 2013.

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

2 A: As a Programs Manager, I assist the PUD management team, in addition to supporting a
3 team of analysts, to provide recommendations that are related to the laws and the orders of
4 the Commission and are in the public interest. My work focuses on the Commission's
5 involvement with the Southwest Power Pool ("SPP"). I serve as the Oklahoma voting
6 member on SPP's Cost Allocation Working Group and advise the Oklahoma Corporation
7 Commissioner that serves as the voting member on SPP's Regional State Committee,
8 currently Commission Chairman J. Todd Hiatt. For a complete list of my work history and
9 educational background, please review the attached curriculum vitae.¹

10 **PURPOSE**

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

13 A: The purpose of my Responsive Testimony is to present PUD's recommendations to the
14 Commission regarding the Company's need for generation capacity and its consideration of
15 reasonable alternatives.

16 **PUD'S REVIEW PROCESS**

17 **Q: Please explain PUD's review process in this Case.**

18 A: PUD reviewed Final Order 696007 in Cause No. PUD 201800159 and the Direct
19 Testimony and associated workpapers filed by Company witnesses. PUD issued data
20 requests and reviewed the responses, as well as the responses to data requests issued by

¹ Exhibit JCC-1.

1 other parties to this Case. PUD conducted multiple audit conferences with the Company
2 to discuss the areas under review in this filing. During these audit conferences, PUD
3 analysts posed questions to Company witnesses and reviewed documentation requested
4 both on an informal basis and through data requests.

5 **STATUTORY COMPLIANCE**

6 **Q: Please describe 17 O.S. § 286(C) – Approval of Electric Generation Facilities.**

7 A: Pursuant to 17 O.S. § 286(C)(1):

8 An electric utility subject to rate regulation by the Corporation Commission
9 may elect to file an application seeking approval by the Commission to
10 construct a new electric generating facility, to purchase an existing electric
11 generation facility or enter a long-term contract for purchased power and
12 capacity and/or energy, subject to the provisions of this subsection. If, and
13 to the extent that, the Commission determines there is a need for
14 construction of the electric generating facility, the generating facility shall
15 be considered used and useful and its costs shall be subject to cost recovery
16 rules promulgated by the Commission. The Commission shall enter an order
17 on an application filed pursuant to this subsection within two hundred forty
18 (240) days of the filing of the application, following notice and hearing and
19 after consideration of reasonable alternatives.²

20 **NEED FOR GENERATION CAPACITY**

21 **Q: Please describe how the Company determined it has a need for generation capacity.**

22 A: The Company determined through its 2021 IRP analysis it has a need for generation
23 capacity starting in 2023. Specifically, the Company evaluates its load forecast over the
24 next ten years compared to its existing generation facilities, including SPP's Planning
25 Reserve Margin ("PRM") requirement, to determine if it has a generation capacity need.
26 The Company's 2021 IRP shows over the next five years, load growth and unit retirements

² Title 17 O.S. Section 286 - [Cost of Transmission Upgrades - Approval of Electric Generation Facilities - Rules \(oscn.net\)](https://www.oscn.net)

1 result in the need for generation capacity to meet OG&E’s load responsibilities and SPP’s
 2 planning reserve requirements. The Company’s capacity needs are shown in Table One
 3 below:³

4 **Table One: OG&E Planning Reserve Margin and Needed Capacity (MW)**

	2022	2023	2024	2025	2026
Total Capacity	6,749	6,581	6,581	6,370	6,306
Net Demand	6,025	6,004	6,039	6,059	6,088
Reserve Margin	12%	10%	9%	5%	4%
Need Capacity*	0	145	183	417	514
<i>*Indicates the capacity needed to restore the reserve margin to 12%.</i>					

5 **Q: Please describe the Company’s IRP related to its need for generation capacity.**

6 A: The key components of OG&E’s IRP related to its need for generation capacity as stated
 7 above are the Company’s load forecast, existing generation resources, and SPP’s resource
 8 accreditation policies and PRM.

9 **Q: Please describe how OG&E develops its load forecast.**

10 A: OG&E calculates an energy forecast in GWh and a peak demand forecast in MW to
 11 develop the Company’s load forecast over the planning horizon in its 2021 IRP. The energy
 12 forecast is based on retail sector-level econometric models representing weather, growth,
 13 and economic conditions in OG&E’s Oklahoma and Arkansas service territories. The peak
 14 demand forecast relies on an hourly econometric model where historical and forecast
 15 weather-adjusted retail energy sales are the main driver for the peak demand forecast
 16 projections. Please see Tables Two and Three below for OG&E’s energy forecast and peak
 17 demand forecast from its 2021 IRP:

³ 2021 OGE Integrated Resource Plan, Executive Summary, pg i.

Table Two: Energy Forecast (GWh)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Energy Forecast	29,897	30,053	30,225	30,395	30,620	30,858	31,113	31,389	31,695	31,978
OG&E DSM	615	803	991	1,179	1,353	1,499	1,622	1,725	1,812	1,986
Net Energy	29,283	29,250	29,234	29,215	29,267	29,359	29,491	29,664	29,883	29,992

Table Three: Peak Demand Forecast (MW)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Demand Forecast	6,303	6,313	6,379	6,431	6,491	6,543	6,589	6,626	6,630	6,659
OG&E DSM	278	309	340	372	403	432	456	477	494	505
Net Demand	6,025	6,004	6,039	6,059	6,088	6,111	6,133	6,149	6,136	6,154

1 **Q: Please describe OG&E’s existing generation resources.**

2 A: OG&E is obligated to satisfy SPP’s PRM requirement by maintaining capacity sufficient
 3 to serve its peak load requirements and a planning reserve. This is accomplished through
 4 OG&E-owned generation, existing purchase power agreements (“PPAs”) and, if necessary,
 5 potential new resources. OG&E’s existing portfolio of electric generating facilities consists
 6 of owned thermal generation (Coal-fired Steam, Gas-fired Steam, Combined Cycle,
 7 Combustion Turbine), owned renewable resources (Wind and Solar), and four PPAs (Wind
 8 and Hydro). Please refer to Table One above for OG&E’s five-year forecast of total
 9 generation capacity and net demand in MWs. A specific list of OG&E’s existing portfolio
 10 of electric generating facilities can be found on pages five and six of Direct Exhibit
 11 KMR-1.

1 **Q: Please describe SPP's PRM requirement.**

2 A: SPP's PRM requirement is a measure of capacity required to maintain reliability based on
3 each of the responsible entities' peak load. SPP uses a Loss of Load Expectation ("LOLE")
4 analysis to determine the PRM where load responsible entities in SPP must demonstrate
5 they meet the requirement of their load plus the PRM. LOLE is the expected number of
6 days or hours per year, that an entity does not have enough capacity to meet its firm load.
7 A LOLE analysis typically is performed to determine the capacity needed to meet the
8 desired reliability target, commonly expressed as an expected value, or LOLE of 0.1
9 days/year or 1 day in 10 years ("1 in 10 LOLE").

10 SPP's LOLE analysis and results for summer 2023 show the PRM requirement ranges from
11 13% to 18%. In July 2022, the SPP Regional State Committee ("RSC") and Board of
12 Directors ("BOD") approved an increase to the PRM requirement from 12% to 15%
13 beginning summer of 2023. As an example of this change, a load responsible entity with a
14 1,000 MW summer peak load was required to have a PRM of 120 MW (1,000 MW x 12%)
15 for a total of 1,120 MW prior to the July 2022 RSC and BOD vote to increase the PRM
16 from 12% to 15%. Beginning in the summer season 2023, a load responsible entity is
17 required to carry a 15% PRM which, for an entity with a 1,000 MW summer peak load is
18 150 MW (1,000 MW x 15%) for 1,150 MW.

19 The SPP Integrated Marketplace ("IM") does not operate a capacity market, in contrast to
20 certain other transmission planning regions. In SPP, OG&E has the responsibility for
21 ensuring it has sufficient planning capacity to serve its peak load requirements and a

1 planning reserve margin. At the time OG&E developed its 2021 IRP, the SPP planning
2 reserve margin was 12%. As shown in Table One above, starting in 2023, OG&E has a
3 need for additional generation capacity to meet SPP's 12% PRM. With SPP approving to
4 increase the PRM for the entire SPP footprint from 12% to 15% beginning in the summer
5 of 2023, this change increases OG&E's capacity needs each year by 180 MW – 190 MW.

6 **Q: What impact has the increased SPP PRM had on capacity resource availability in the**
7 **SPP's footprint?**

8 A: Due to the PRM change in July 2022 that takes effect in summer 2023, capacity availability
9 in SPP to contract has become very limited. Entities with extra capacity are not willing to
10 sell their excess due to the increase in the PRM and potential future increases in the PRM.⁴
11 The results of OG&E's existing capacity Request for Proposal discussed by OG&E witness
12 Riley shows the limited availability of capacity currently in SPP with only one entity
13 submitting a single bid.⁵ SPP is expecting to have a supply crunch the next 3-4 years until
14 they are able to clear their Generator Interconnection queue, which currently has a 5-year
15 backlog to bring new generation online.

16 **Q: Did PUD's audit in this Case find that OG&E has a need for generation capacity?**

17 A: Yes. Investor-owned utilities in Oklahoma have two primary drivers for a company's need
18 of additional generation facilities, which are its load forecast and satisfying SPP's PRM.
19 OG&E forecasts modest load growth in the future due in part to offsets from its energy
20 efficiency and demand side management programs. PUD's audit finds that OG&E's load

⁴ https://www.spp.org/documents/67635/bod_mc%20minutes%202022%2007%2026.pdf, page 146

⁵ Direct Testimony of Kelly Riley Pg 14, lines 23-26.

1 forecast was reasonable. Comparing the Company's load forecast to its existing generation
2 resources and including SPP's 12% planning reserve margin as shown in Table One above,
3 OG&E will have a capacity need starting in 2023. Also, due to SPP changing the PRM in
4 July 2022 from 12% to 15%, this increases OG&E's capacity need 180 MW - 190 MW
5 each year from the numbers shown in Table One of this Testimony.

6 The other factor OG&E states in its 2021 IRP and in this case that results in the need for
7 generation capacity is unit retirements, specifically Horseshoe Lake ("HL") units 6, 7, and
8 8. PUD finds this to be a reasonable course of action. This is due to the age and type of the
9 units, condition assessment reports from a third party engineering firm, cost of replacement
10 parts to maintain reliable operation, significant risk of failure including catastrophic
11 component failure and OG&E employee exposure to hazardous conditions, increased
12 operation and maintenance expense to maintain reliable operation of the units, and the
13 inability to find replacement parts, which must frequently be reverse engineered and
14 manufactured at a significant cost and production lead time.

15 **OG&E's REQUEST(S) FOR PROPOSAL (RFP)**

16 **Q: Please describe OG&E's RFPs that were issued for this case.**

17 **A:** OG&E's first RFP was a Solar RFP that was issued in January 2022 with the bids opened
18 in March 2022. By September 2022, the awarded bids on this original Solar RFP withdrew
19 their bids, and OG&E issued a second Solar RFP in October 2022.

1 OG&E's Flexible Resources RFP was issued in June 2022. The Flexible Resource
2 included combustion turbines that led to the request for this preapproval case.

3 Lastly, OG&E also issued an RFP for Existing Capacity in June 2022, after the realization
4 that their short-term capacity was not going to be met with the Solar and Flexible Resources
5 RFPs. The RFPs are discussed in greater details in the Direct Testimony of Company
6 Witness Kelly M. Riley.

7 **Q: Did these RFP's consider reasonable alternatives?**

8 A: I am not an attorney and not offering a legal opinion. However, given the scope and number
9 of RFPs the Company has issued, it is PUD's position that reasonable alternatives were
10 considered.

11 **Q: Did an Independent Evaluator (IE) review the issued RFPs?**

12 A: Yes, PUD along with the Attorney General selected Guernsey Engineers, Architects and
13 Consultants ("Guernsey") to review the RFPs. Consequently, Guernsey issued individual
14 reports for all three RFPs.

15 **Q: What are the results of the IE's reports?**

16 A: The IE agreed with the conclusions reached by the Company and the selection of the
17 winning bidders that were made.

1 **Q: Did the IE find any errors in the RFPs?**

2 A: Yes. Within the 2022 Flexible Capacity RFP, the IE found that the Company did not fully
3 comply with the Oklahoma Administrative Code regarding the competitive procurement
4 involving an affiliate bidder. Specifically, some email communications received from the
5 affiliate bidder by the Company should have only been sent to the IE.

6 **Q: What was the IE's opinion on this finding and were there any recommendations?**

7 A: The IE found that the Company did not give any preferential treatment to the affiliate
8 bidder in the Company's evaluation of RFP bids.⁶ The IE recommended that, in future
9 RFPs, the Company continue to be vigilant in complying with OAC requirements.

10 **Q: As a results of the RFPs, what decisions did the company make?**

11 A: The winning bid, as determined by the Company, was the affiliate self-build bid for 448
12 MW of combustion turbine ("CT") generation at the Horseshoe Lake ("HL") site that
13 would replace existing Company generation after the time of its retirement.⁷

⁶ OIEC 04-01 Att2 Conf.pdf, Pg. 2.

⁷ Ibid.

RECOMMENDATION

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Q: What is the Public Utility Division's ("PUD") recommendation to the Oklahoma Corporation Commission ("Commission") regarding Oklahoma Gas and Electric Company's ("OG&E") Application for preapproval of new generation capacity as filed in Case No. PUD 2023-000038?

A: After review, it is PUD's opinion that the Company has a generation capacity need and has considered reasonable alternatives. Therefore, PUD recommends approval of the Company's Application of new generation capacity subject to cost recovery rules ordered by the Commission.

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.

Jason Chaplin

Jason C. Chaplin

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

LIST OF EXHIBITS

JCC-1

Curriculum Vitae

Exhibit JCC-1 Curriculum Vitae
JASON COLT CHAPLIN

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Office: (405) 522-1316
Cell: (405) 215-7834
Jason.Chaplin@occ.ok.gov

PROFESSIONAL EXPERIENCE

Oklahoma Corporation Commission (“OCC”) Oklahoma City, OK
Programs Manager IV

December 2016 - Present

- Responsible for direct interaction and communication with the Public, Regulated Entities, and Elected and Appointed Government Officials related to areas of jurisdiction under the Public Utility Division (“PUD”)
- Assist the PUD management team, in addition to supporting a team of analysts as PUD works to make accurate recommendations that are balanced and in the public interest
- Assist the Corporation Commissioner in their role and responsibilities as the Oklahoma voting member on the Southwest Power Pool (“SPP”) Regional State Committee
- Oklahoma Corporation Commission voting member on the SPP Cost Allocation Working Group (“CAWG”) and 2015 CAWG Chairman
- SPP monitoring and active participant in numerous SPP committees, working groups, and task forces as well as Oklahoma transmission expansion tracking and reporting
- NARUC staff sub-committee membership: Electricity, Electric Reliability and Resilience, and International Relations

Oklahoma Corporation Commission (“OCC”) Oklahoma City, OK
Public Utility Regulatory Analyst

October 2013 – December 2016

- Research, analyze, develop, and make recommendations in regards to the Public Interest in regulatory areas of Economics, Finance, Accounting, Law, Engineering, Policy, and Generation, Transmission, and Distribution Infrastructure
- Provide filed and oral expert witness testimony including PUD recommendations in assigned PUD Causes

- Technical research and analysis on electric, gas, transmission, and water utilities to maintain reliability while ensuring customers fair, just and reasonable rates and allowing for a reasonable rate of return to shareholders
- Independent Evaluator of RFPs for electric generation capacity/energy and fuel purchases
- Rate case, tariff design, cost of service, prudence reviews, reasonable cost reviews, O&M for electric generation and transmission, fuel adjustment clauses, merger and acquisition, competitive procurement, integrated resource planning, energy efficiency and demand side management, environmental compliance planning and review

Western Plains Land Services, LLC Kansas, Oklahoma, Texas

Petroleum Landman

February 2012 – December 2012

- Mineral/surface title research in order to verify ownership interests
- Prepare ownership reports, runsheets, flow charts
- Held by production leasehold reports/lease checks
- Prepare documents/Closing packets for lease acquisition
- Due diligence for acquisition of oil and gas interests

Hughes Energy Partners, LLC Greater Denver Area

Land Professional/Petroleum Landman

September 2010 – February 2012

- Mineral/surface title research in order to verify ownership interests
- Prepare ownership reports, runsheets, flow charts
- Prepare surface use agreements for natural gas pipeline

EDUCATION

Oklahoma City University Oklahoma City, OK

Master of Science: Energy Management, July 2015

- Graduated with High Honors – GPA: 3.95

University of Nevada, Las Vegas Las Vegas, NV

Bachelor of Science: Hotel Administration, Major – Beverage Management: December 2009

- Graduated – GPA: 3.49

University of Nevada, Las Vegas Las Vegas, NV

Responsive Testimony – Chaplin

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

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Bachelor of Science: Gaming Management, December 2009

- Graduated – GPA: 3.51

Oklahoma City Community College **Oklahoma City, OK**

Associate in Arts: Diversified Studies, May 2005

Graduated – GPA: 3.36

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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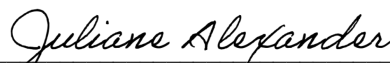
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