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SOAH DOCKET NO. 473-19-6862
PUC DOCKET No. 49737

APPLICATION OF SOUTHWESTERN ELECTRIC POWER COMPANY FOR CERTIFICATE OF CONVENIENCE AND NECESSITY AUTHORIZATION AND RELATED RELIEF FOR THE ACQUISITION OF WIND GENERATION FACILITIES	)))))))	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY AND EXHIBIT OF

LISA V. PERRY

ON BEHALF OF

WALMART INC.

JANUARY 14, 2020

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Contents

Exhibits

Exhibit LVP-1: Witness Qualifications Statement

Exhibit LVP-2: Joint Stipulation And Settlement Agreement

Introduction

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

A. My name is Lisa V. Perry. My business address is 2608 SE J Street, Bentonville, AR 72712. I am employed by Walmart Inc. as Senior Manager, Energy Services.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?

A. I am testifying on behalf of Walmart Inc. ("Walmart").

Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.

A. I received a J.D. in 1999 and an LL.M. in Taxation in 2000 from the University of Florida Levin College of Law. From 2001 to 2019, I was in private practice with an emphasis from 2007 to 2019 in Energy Law. My practice included representing large commercial clients before the utility regulatory commissions in Colorado, Texas, New Mexico, Arkansas, and Louisiana in matters ranging from general rate cases to renewable energy programs. I joined the energy department at Walmart in September 2019 as Senior Manager, Energy Services. My Witness Qualifications Statement is attached as Exhibit LVP-1.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE TEXAS PUBLIC UTILITIES COMMISSION ("COMMISSION")?

A. No.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE OTHER STATE REGULATORY COMMISSIONS?

A. Yes, I have submitted testimony with State Regulatory Commissions for South Carolina, Virginia, Oklahoma, and Arkansas. I have also provided legal representation for customer stakeholders before the State Regulatory Commissions for Colorado, Texas, Arkansas, Louisiana, and New Mexico in the cases listed under "Commission Dockets" in Exhibit LVP-1.

Q. ARE YOU SPONSORING EXHIBITS IN YOUR TESTIMONY?

A. Yes. I am sponsoring the exhibits listed in the Table of Contents.

Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS IN TEXAS.

A. As shown on Walmart's website, Walmart operates 590 retail units and 19 distribution centers and employs over 166,000 associates in Texas. In fiscal year ending 2019, Walmart purchased $48.5 billion worth of goods and services from Texas-based suppliers, supporting over 267,000 supplier jobs.[1]

Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS WITHIN THE COMPANY'S SERVICE TERRITORY.

A. Walmart has 20 stores and related facilities that take service from Southwestern Electric Power Company ("SWEPCO" or "the Company"), primarily on the Lighting and Power Schedules.

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[1] http://corporate.walmart.com/our-story/locations/united-states/texas

Q. DOES WALMART TAKE SERVICE FROM SWEPCO IN OTHER STATES?

A. Yes. Walmart has (i) 15 stores, a distribution center, corporate facilities, and related facilities that take electric service from SWEPCO in Arkansas, and (ii) 12 stores and related facilities that take service from SWEPCO in Louisiana.

Q. DOES WALMART TAKE SERVICE FROM PUBLIC SERVICE COMPANY OF OKLAHOMA ("PSO")?

A. Yes. Walmart has 49 stores, a distribution center, and related facilities that take electric service from PSO in Oklahoma.

Q. HAS WALMART ESTABLISHED CORPORATE RENEWABLE ENERGY GOALS?

A. Yes. Walmart has established aggressive and significant renewable energy goals, including: (1) to be supplied 100 percent by renewable energy[2] and (2) by 2025, to be supplied by 50 percent renewable energy. Additionally, Walmart has set a science-based target to reduce emissions in our operations by 18 percent by 2025 through the deployment of energy efficiency and consumption of renewable energy.[3]

Purpose of Testimony and Summary of Recommendations

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to respond to SWEPCO's Application to acquire an interest in three wind generation facilities located in Oklahoma (collectively referred

[2] http://corporate.walmart.com/global-responsibility/environmental-sustainability
[3] http://news.walmart.com/2016/11/04/walmart-offers-new-vision-for-the-companys-role-in-society

to as the "Wind Facilities") through an amendment to its currently held CNN No. 30151.

Q. PLEASE SUMMARIZE WALMART'S RECOMMENDATIONS TO THE COMMISSION.

A. Walmart appreciates the efforts of SWEPCO and PSO to increase the level of renewable generation on their system and does not oppose Commission approval of the Company's proposed acquisition of the Wind Facilities. As discussed in more detail below, Walmart recommends that the Commission modify the existing guarantees and incorporate additional guarantees consistent with the Joint Stipulation and Settlement Agreement filed in Oklahoma Corporation Commission Cause No. PUD 201900048. *See* Exhibit LVP-2.

Q. DOES THE FACT THAT YOU MAY NOT ADDRESS AN ISSUE OR POSITION ADVOCATED BY ANY PARTY IN THE DOCKET INDICATE WALMART'S SUPPORT?

A. No. The fact that an issue is not addressed herein or in related filings should not be construed as an endorsement of, agreement with, or consent to any filed position.

Summary of the Company's Proposal

Q. PLEASE DESCRIBE THE WIND FACTILITES THAT THE COMPANY IS SEEKING TO PURCHASE?

A. The Company proposes to purchase a share in three separate wind generation facilities located in North Central Oklahoma totaling 1,485 MW of installed nameplate capacity. *See* Direct Testimony of Joseph G. DeRuntz, page 3, lines 4-5, and page 3, lines 17-18 to page 4, line 1. Specifically, the Wind Facilities are (1) the 999 MW Traverse Wind Energy LLC facility ("Traverse"), which has a planned commercial operation date of December 15, 2021, (2) the 287 MW Maverick Wind Project, LLC facility ("Maverick"), which has a planned commercial operation date of December 15, 2021, and (3) the 199 MW Sundance Wind Project, LLC facility ("Sundance"), which has a planned commercial operation date of December 15, 2020. *See id.*, page 3, Table 1: Selected Wind Facilities Overview, and page 5, lines 7-8.

Q. HOW WILL THE WIND FACILITIES BE OWNED BETWEEN THE COMPANY AND ITS AFFILIATE, PSO?

A. Assuming all jurisdictions (being Oklahoma, Texas, Arkansas, and Louisiana) approve the Company's proposed acquisition of the Wind Facilities, the Company proposes that ownership be divided as follows: PSO will own 675 MW (45.5%) and SWEPCO will own 810 MW (54.5%). *See* Application, page 1. The Company expects to allocate 309 MW to Texas. *See* Errata Direct Testimony of John O. Aaron, page 8, lines 19-20.

Q. HAS THE COMPANY IN ITS APPLICATION ANTICIPATED SCENARIOS IN WHICH ONE OR MORE JURISDCITIONS DO NOT APPROVE THE COMPANY'S ACQUISITION OF THE WIND FACILITIES?

A. Yes; acquisition of the Wind Facilities is scalable in the event that one or more jurisdictions fail to approve the Company's respective application. *See* Errata Direct Testimony of Thomas P. Brice, page 22, lines 18-23. In such event, Company witness Brice sets forth the various scenarios with the caveat that the Company has a contractual obligation under the Purchase and Sale Agreement covering the Wind Facilities to acquire a minimum of 810 MW. *See id.,* page 23, lines 2-3, and *see* page 23, lines 12-34 to page 24, lines 1-4. Company witness Brice further states that the costs and benefits associated with the Wind Facilities will not flow through to any jurisdiction that does not approve the Company's acquisition of its share in the Wind Facilities. *See id.,* page 24, lines 9-11.

Q. WHAT IS THE COMPANY'S EXPECTED TOTAL COST OF THE WIND FACILITIES?

A. The total cost of the project, including certain price adjustments and owner's costs, is estimated to be $1.996 billion. *See* Direct Testimony of Joseph G. DeRuntz, page 14, lines 5-6. SWEPCO's share (54.5%) would be around $1.09 billion.

Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S REQUESTS IN THIS DOCKET?

A. My understanding is that the Company requests the Commission do the following:

1) Approve the Company's acquisition of an 810 MW share of the Wind Facilities by Amending SWEPCO's CCN No. 30151;

2) Find that the Company's acquisition of the Wind Facilities is in the public interest as required under PURA § 14.101, if applicable; and

3) Approve the Company's request to include any unrealized Production Tax Credits ("PTCs") as a Deferred Tax Asset ("DTA") included in rate base in the event the PTCs cannot be fully utilized in a given year.

Q. WHAT ARE THE CUSTOMER BENEFITS ASSERTED BY THE COMPANY?

A. It is my understanding that the Company proposes that the Wind Facilities will: (i) provide a significant amount of low-cost energy compared to other energy sources, (ii) diversify the Company's overall generation portfolio, (iii) delay the need to build future generation capacity, (iv) reduce fuel costs, and (v) offer RECs for purchase by interested customers. *See* Errata Direct Testimony of Thomas P. Brice, page 8, lines 8-10; *see also id.,* page 15, lines 14-25 to page 16, lines 1-4.

Q. HAS THE COMPANY QUANTIFIED THE ESTIMATED CUSTOMER BENEFITS FROM THE PROPOSED ACQUISITION OF THE WIND FACILITIES?

A. Yes. Errata Exhibit JOA-1 shows the Company's estimated customer benefits for SWEPCO's Texas retail customers for the 30-year life of the project. For 2021 through 2023, the first three years of production from the Wind Facilities, the Company estimates the Texas net customer benefits as shown in Table 1.

Table 1. SWEPCO Estimated Customer Benefits (Texas), 2021 Through 2023.

Year	Estimated Customer Benefit
2021	$401,944
2022	$3,921,902
2023	$5,988,615

Source: Errata Exhibit JOA-1.

The total proposed benefits for Texas retail customers across the 30-year life of the project are estimated to be $763,746,277. *See* Errata Exhibit JOA-1. For SWEPCO customers, the Wind Facilities are expected to provide a savings of approximately $2.03 billion ($567 million on a net present value basis). *See* Errata Direct Testimony of Thomas P. Brice, page 8, Errata Table 1: SWEPCO Base Fundamentals Analysis ($ millions).

Generation Investment Recovery Rider

Q. WHAT IS YOUR UNDERSTANDING OF HOW THE COMPANY PROPOSES TO RECOVER THE TEXAS JURISDICTIONAL PORTION OF THE WIND FACILITIES?

A. My understanding is that the Company intends to seek recovery of the revenue requirement for the Texas jurisdictional portion of the Wind Facilities[4] through what the Company has termed the Generation Investment Recovery Rider ("GIR Rider"). *See* Errata Direct Testimony of John O. Aaron, page 8, lines 11-13. The Company proposes that the rider go into effect when the facilities begin providing service to customers. *See id.*, page 8, lines 16-17. It appears that the Rider will continue until those costs are included in base rates, subject to reconciliation. *See id.*, page 8, lines 17-19.

Q. IS THE COMPANY SEEKING APPROVAL OF THE GIR RIDER IN THIS PROCEEDING?

A. It does not appear so. That is, based upon my reading of the Application and accompanying Testimony, the Company has expressed its intent to request implementation of the GIR Rider pursuant to PURA § 36.213. However, the Company has not made any such request in this Proceeding, nor has it provided any timeline within which such filing will be made by the Company.

[4] Revenue requirement includes the Texas jurisdictional costs associated with the return of and taxes on the Wind Facilities, operation and maintenance expenses, depreciation expenses, and a return on the assets including the DTA. *See* Errata Testimony of John O. Aaron, page 4, lines 10-12.

Q. NOTHWITHSTANDING THAT THE COMPANY IS NOT SEEKING APPROVAL OF THE GIR RIDER IN THIS PROCEEDING, IN GENERAL, HOW DOES WALMART BELIEVE COST RECOVERY FOR NEW GENERATION ASSETS SHOULD BE DETERMINED?

A. Generally speaking, Walmart believes the recovery of generation asset costs is best determined in a general rate case, as all costs, benefits, and risks - both those related to the Wind Facilities as well as those interrelated with or related to the Company's overall business - can be systematically considered (e.g., authorized ROE).

Q. WITH REGARD TO THE GIR RIDER, HAS THE COMPANY PROPOSED A COST ALLOCATION METHOD FOR THE TEXAS JURISDICTIONAL COSTS ASSOCIATED WITH THE WIND FACILITIES?

A. Based upon my reading of the Application and accompanying Testimony and Exhibits, it does not appear that the Company is advocating any specific cost allocation method for Texas' share of the costs associated with the Wind Facilities. Walmart reserves the right to assert its position on any cost allocation method associated with the Wind Facilities proposed by the Company or any other party in any related future filings, including any filing seeking approval of the GIR Rider.

Q. HAS THE COMPANY'S PROPOSED A METHOD FOR COLLECTING THE TEXAS JURISDICTIONAL COSTS ASSOCIATED WITH THE WIND FACILITIES FROM CUSTOMERS?

A. It does not appear that the Company has proposed any specific method for recovering costs or other rate design elements. As such, Walmart reserves the right to assert its position on any cost recovery method and/or rate design associated with the Wind Facilities proposed by the Company or any other party in any related future filings, including any filing seeking approval of the GIR Rider.

Flow-Through of Customer Benefits

Q. HOW DOES THE COMPANY PROPOSE TO CREDIT CUSTOMERS WITH THE PTC BENEFITS?

A. Until the costs/benefits of the Wind Facilities are placed into base rates, the Company proposes to offset the associated revenue requirement with the PTC benefits in its *future* filing for the GIR Rider. *See id.*, page 9, lines 4-7.

Q. HOW DOES THE COMPANY PROPOSE TO FLOW-THROUGH FUEL AND ENERGY COST SAVINGS TO CUSTOMERS?

A. The Company proposes to flow any fuel cost savings associated with the Wind Facilities to customers through *future* fuel factor adjustment and fuel reconciliation proceedings. *See id.*, page 9, lines 10-13.

Q. DOES WALMART CURRENTLY TAKE A POSITION ON THE COMPANY'S PROPOSED METHODS FOR FLOWING PTC AND FUEL COST SAVINGS TO CUSTOMERS?

A. Because the specific mechanisms through which the Company will seek authority to recover costs and flow-through benefits to customers associated with the Texas jurisdictional share of the Wind Facilities do not appear to be the subject of *this* Proceeding, Walmart does not currently take a position but reserves its right to do so in any related future filing made by the Company or other parties.

Renewable Energy Credits

Q. HOW DOES THE COMPANY PROPOSE TO TREAT THE RENEWABLE ENERGY CREDITS ("RECs") ATTRIBUTABLE TO THE WIND FACILITIES?

A. It is my understanding that if the Wind Facilities are approved, the Company will propose a new tariff through which SWEPCO customers can purchase RECs associated with the Wind Facilities. *See* Errata Direct Testimony of Thomas P. Brice, page 13, lines 14-17.

Q. DOES WALMART OPPOSE THE COMPANY'S PROPOSAL WITH REGARD TO RECS?

A. No. For large customers like Walmart who have significant and aggressive renewable energy goals, it is important to be able to claim that the customer is receiving energy from new and specific renewable resources such as the Wind Facilities to meet those goals. Adding a separate and specific tariff allows customers like Walmart the opportunity to purchase the RECs derived from the Wind Facilities in a direct and administratively efficient manner.

Guarantees by SWEPCO

Q. DOES THE COMPANY OFFER ANY GUARANTEES IN ITS FILING?

A. Yes. The Company proposes the following guarantees: (1) Capital Cost Cap Guarantee, (2) Production Tax Credit Eligibility Guarantee, and (3) Minimum Production

Guarantee. *See id.,* page 16, lines 17-29 to page 17, lines 1-13.

Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE CAPITAL COST CAP GUARANTEE.

A. It is my understanding that the Company agrees to cap the cost of the Wind Facilities at 100 percent of the filed capital costs equal to approximately $1.996 billion (SWEPCO's share is approximately $1.09 billion). *See id.,* page 16, lines 19-23. The Capital Cost Cap Guarantee does not have a *Force Majeure* exception. *See id.,* page 16, lines 23-25.

Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE PRODUCTION TAX CREDIT ELIGIBILITY GUARANTEE.

A. It is my understanding that the Company is guaranteeing 100 percent eligibility for PTCs for the Sundance wind facility and 80 percent PTC eligibility for the Traverse and Maverick wind facilities. *See id.,* page 16, lines 27-29. If, for reasons other than a change in law, the PTCs are not received at the level described above, the Company proposes to make the customer whole for the value of the lost PTCs based upon actual production. *See id.,* page 16, lines 28-29 to page 17, lines 1-4.

Q. LASTLY, PLEASE EXPLAIN YOUR UNDERSTANDING OF THE MINIMUM PRODUCTION GUARANTEE.

A. Beginning in 2022, the Company will guarantee a minimum production level of an average of 87% of the expected output of the Wind Facilities "over each five-year period for 10 years average across all facilities." *See id.,* page 17, lines 5-9.

Q. WHAT DOES THE COMPANY PROPOSE IF AN 87% PRODUCTION LEVEL IS NOT ACHIEVED?

A. The Company will make customers whole on an energy and PTC basis. *See id.,* page 17, lines 11-12. It is my understanding that there is an exception to this guarantee for *Force Majeure* or curtailment in the Southwest Power Pool. *See id.,* page 17, lines 12-13.

Q. DID PSO ENTER INTO A SETTLEMENT AGREEMENT IN CONNECTION WITH PSO'S ACQUISITION OF ITS SHARE IN THE WIND FACILITIES?

A. Yes, PSO and all parties to that proceeding except for one party[5] entered into a Joint Stipulation and Settlement Agreement ("Oklahoma Settlement Agreement"), which was filed with the Oklahoma Corporation Commission on December 10, 2019 in Cause No. PUD 201900048[6]. *See* Exhibit LVP-2.

Q. DOES THE OKLAHOMA SETTLEMENT AGREEMENT INCLUDE GUARANTEES IN ADDITION TO THE GUARANTEES PROPOSED BY THE COMPANY IN THIS PROCEEDING?

A. Yes, the Oklahoma Settlement Agreement includes, in some form, the guarantees set forth in the Company's Application in this docket along with additional guarantees

[5] Golden Spread Electric Cooperative, Inc. did not sign the Oklahoma Settlement Agreement, however, it is my understanding that Golden Spread will not oppose the Agreement.
[6] *Application of Public Service Company of Oklahoma (PSO) for Approval of the Cost Recovery of the Selected Wind Facilities (SWFs); A Determination there is a need for the SWFs; Approval for Future Inclusion in Base Rates Cost Recovery of Prudent Costs Incurred by PSO for the SWFs; Approval of a Temporary Cost Recovery Rider; Approval of Certain Accounting Procedures Regarding Federal Production Tax Credits; and Such Other Relief the Commission Deems PSO is Entitled.*

that were not included in the Application.

Q. DOES WALMART BELIEVE THAT THE GUARANTEES INCLUDED IN THE OKLAHOMA SETTLEMENT AGREEMENT ARE RELEVANT TO THE INSTANT PROCEEDING?

A. Yes. While Walmart recognizes that out-of-state settlement agreements are not binding on the Commission, the guarantees as set forth in the Oklahoma Settlement Agreement should be considered by the Commission as the framework within which the guarantees in this Proceeding are structured.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

Lisa V. Perry

Senior Manager, Energy Services
Walmart Stores, Inc.
Business Address: 2608 SE J Street, Bentonville, AR 72712
Business Phone: (479) 273-4238

EXPERIENCE
September 2019 – Present
Walmart Inc., Bentonville, AR
Senior Manager, Energy Services

November 2017 – September 2019
Oram & Houghton PLLC, Round Rock, TX
Of Counsel, Energy Law

February 2016 – November 2017
Ray Quinney & Nebeker, P.C., Salt Lake City, UT
Of Counsel, Energy Law

September 2007 – February 2016
Welborn, Sullivan, Meck & Tooley, P.C., Denver, CO
Partner, Energy Law

EDUCATION

2000	University of Florida Levin College of Law	LL.M., Taxation
1999	University of Florida Levin College of Law	J.D.
1996	University of South Florida	B.A., Criminology
1993	University of South Florida	B.A., Psychology

COMMISSION DOCKETS
2019
Public Utility Commission of Texas Docket No. 49421: Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates. Issue: General rate case

Public Utility Commission of Texas Docket No. 49494: Application of AEP Texas Inc. for Authority to Change Rates. Issue: General rate case

Public Utility Commission of Colorado Docket No. 19AL-0268E: In the Matter of Advice Letter No. 1797 Filed by Public Service Company of Colorado to Reset the Currently Effective General Rate Schedule Adjustment ("GRSA") as Applied to Base Rates for all Electric Rate Schedules as well as Implement a Base Rate kWh Charge, General Rate Schedule Adjustment-Energy ("GRSA-E") to Become Effective June 20, 2019. Issue: General rate case, Phase I

2018
Public Utility Commission of Texas Docket No. 48371: Entergy Texas, Inc.'s Statement of Intent and Application for Authority to Change Rates. Issue: General rate case

Public Utility Commission of Colorado Docket No. 18M-0074EG: In the Matter of the Commission's Consideration of the Impact of the Federal Tax Cuts and Jobs Act of 2017 on the Rates of Colorado Investor-Owned Electric and Natural Gas Utilities. Issue: Commenced by the Commission to consider the impacts of the Tax Cut and Jobs Act of 2017 on the revenue requirements and rates of all Colorado investor-owned electric and natural gas utilities.

2017
Public Utility Commission of Texas Docket No. 47461: Application of Southwestern Electric Power Company for Certificate of Convenience and Necessity Authorization and Related Relief for the Wind Catcher Energy Connection Project in Oklahoma. Issue: Purchase of a wind generation facility and generation tie line.

Public Utility Commission of Texas Docket No. 47527: Application of Southwestern Public Service Company for Authority to Change Rates. Issue: General rate case

Public Utility Commission of Colorado Docket No. 17A-0462EG: In the Matter of the Application of Public Service Company of Colorado for Approval of a Number of Strategic Issues Relating to its Electric and Gas Demand-Side Management Plan. Issue: Seek Commission re-examination and approval of the overall objectives and structure of Public Service's DSM initiatives to guide the Company in designing future DSM plans.

Public Utility Commission of Colorado Docket No. 17AL-0649E: In the Matter of Advice Letter No. 1748-Electric Filed by Public Service Company of Colorado to Revise its PUC No. 8-Electric Tariff to Implement a General Rate Schedule Adjustment and Other Rate Changes Effective on Thirty Days' Notice. Issue: General rate case, Phase I

Arkansas Public Service Commission Docket No. 17-038-U: In the Matter of the Application of Southwestern Electric Power Company for Approval to Acquire a Wind Generating Facility and to Construct a Dedicated Generation Tie Line. Issue: Purchase of a wind generation facility and generation tie line.

Louisiana Public Service Commission Docket No. U-34619: Application for Expedited Certification and Approval of the Acquisition of Certain Renewable Resources and the Construction of a Generation Tie Pursuant to the 1983 and/or 1994 General Orders. Issue: Purchase of a wind generation facility and generation tie line.

2016
Public Utility Commission of Colorado Docket No. 16AL-0048E: In the Matter of Advice Letter No. 1712-Electric Filed by Public Service Company of Colorado to Replace Colorado PUC No. 7-Electric Tariff with Colorado PUC No. 8-Electric Tariff. Issue: General rate case, Phase II

Public Utility Commission of Colorado Docket No. 16A-0055E: In the Matter of the Application of Public Service Company of Colorado for Approval of its Solar*Connect Program. Issue: Implement a voluntary solar program offering participating customers the ability to offset their current supply of energy from the Public Service system with solar energy produced at a dedicated facility or facilities.

New Mexico Public Regulation Commission Docket No. 16-00276-UT: In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 533. Issue: General rate case

FILED TESTIMONY

2019

Oklahoma Corporation Commission Cause No. PUD 201900048: Application of Public Service Company of Oklahoma for Approval of the Cost Recovery of the Selected Wind Facilities; A Determination there is a Need for the SWFs; Approval for Future Inclusion in Base Rates Cost Recovery of Prudent Costs Incurred by PSO for the SWFs; Approval of a Temporary Cost Recovery Rider; Approval of Certain Accounting Procedures Regarding Federal Production Tax Credits; and Such Other Relief the Commission Deems PSO in Entitled.

Commonwealth of Virginia State Corporation Commission Case No. PUR-2019-00094: Application of Virginia Electric and Power Company for Approval of a 100 Percent Renewable Energy Tariff, Designated Rider TRG, Pursuant to §§ 56-577 A 5 and 56-234 of the Code of Virginia. Issue: Seek approval of a 100 percent renewable energy tariff.

Public Service Commission of South Carolina Docket No. 2019-239-E: In re: Dominion Energy South Carolina, Incorporated's Request for Approval of an Expanded Portfolio of Demand Side Management Programs, and a Modified Demand Side Management Rate Rider. Issue: Seeking approval of an expanded Demand Side Management Plan and modified Demand Side Management Rate Rider.

Arkansas Public Service Commission Docket No. 19-035-U: In the Matter of the Application of Southwestern Electric Power Company for Approval to Acquire Wind Generating Facilities Pursuant to the Arkansas Clean Energy Development Act. Issue: Seeking approval to acquire a wind generation facility located in Oklahoma and Wind Facility Asset Rider.

Commonwealth of Virginia State Corporation Commission Case No. PUR-2019-00154: Petition of Virginia Electric and Power Company for approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia, and for approval of an addition to the terms and condition applicable to electric service. Issue: Seeking approval of certain expenditures relating to grid improvement and grid hardening.

INDUSTRY TRAINING
2016 Western NARUC Utility Rate School
EUCI Courses on the utility industry, cost allocation, and rate design.

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE COMPANY OF OKLAHOMA (PSO) FOR APPROVAL OF THE COST RECOVERY OF THE SELECTED WIND FACILITIES (SWFs); A DETERMINATION THERE IS A NEED FOR THE SWFs; APPROVAL FOR FUTURE INCLUSION IN BASE RATES COST RECOVERY OF PRUDENT COSTS INCURRED BY PSO FOR THE SWFs; APPROVAL OF A TEMPORARY COST RECOVERY RIDER; APPROVAL OF CERTAIN ACCOUNTING PROCEDURES REGARDING FEDERAL PRODUCTION TAX CREDITS; AND SUCH OTHER RELIEF THE COMMISSION DEEMS PSO IS ENTITLED	)	CAUSE NO. PUD 201900048

FILED
DEC 10 2019
COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

JOINT STIPULATION AND SETTLEMENT AGREEMENT

COME NOW the undersigned parties to the above entitled cause and present the following Joint Stipulation and Settlement Agreement ("Joint Stipulation") for the Commission's review and approval as their compromise and settlement of all issues in this proceeding between the parties to this Joint Stipulation ("Stipulating Parties"). The Stipulating Parties represent to the Commission that this Joint Stipulation represents a fair, just and reasonable settlement of these issues, that the terms and conditions of the Joint Stipulation are in the public interest, and the Stipulating Parties urge the Commission to issue an Order in this Cause adopting and approving this Joint Stipulation.

It is hereby stipulated and agreed by and between the Stipulating Parties as follows:

TERMS OF THE JOINT STIPULATION AND SETTLEMENT AGREEMENT

Effective with the final order of the Oklahoma Corporation Commission ("OCC" or "Commission") approving all elements of this Joint Stipulation:

1. Approval of the Application.

Except as described below, the Stipulating Parties request that the Commission approve the relief requested by the Company in its Application. Public Service Company of Oklahoma ("PSO" or the "Company") is authorized to acquire up to 675 MW of installed capacity from the Selected Wind Facilities ("SWFs").

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Exhibit LVP-2

2. **<u>Guarantees</u>.**

(a) <u>Cost Cap</u>. PSO commits to a total cost cap of 100% of filed capital costs, including AFUDC and contingency, of $908,279,387. The Cost Cap will be reduced by the amount of any purchase price reduction realized by the Company under the terms and conditions of the PSAs, plus a proportionate share of contingency. Costs above the cap are not recoverable. When the Selected Wind Facilities are reviewed for placement in base rates, the Stipulating Parties agree that the "PSA Purchase Price" of the Selected Wind Facilities (as set forth in Exhibit JGD-3, *Total Installed Capacity Cost,* to the direct testimony of Company witness Joseph G. DeRuntz) will carry a rebuttable presumption of prudence. There shall be no exceptions to the cap for force majeure or changes in applicable law.

(b) <u>PTC Eligibility</u>. PSO will provide a guarantee, for cost recovery purposes, that the SWFs will be eligible for the applicable value of PTCs (80% for Traverse and Maverick and 100% for Sundance) for the actual output of the SWFs. PSO will be excused from this guarantee to the extent changes in federal law pertaining to PTCs, including changes to the Internal Revenue Code, directly reduce the value of PTCs. Based on the combined effect of the PTC and NCF Guarantees, customers will receive PTCs equal to the greater of actual or guaranteed MWh production upon completion of the SWFs.

(c) <u>Net Capacity Factor (NCF)</u>. PSO guarantees a minimum net average capacity factor from the SWFs of P95 over the six five-year periods of the first thirty full years of operations (with the first year of full operations starting January 1, 2022). The NCF guarantee will be measured in MWh and at P95 will equal 11,269,460 MWh for each five-year period at 675 MW, adjusted ratably for the Company's share of any reduction in the final amount of MW installed by Invenergy and its subsidiaries pursuant to the purchase and sale agreements for the SWFs (the "PSAs"). The MWh guarantee for the sixth five-year period (years 26-30) will be adjusted ratably downward if the Sundance facility is constructed but is no longer in operation after its 30^{th} year of operations.

NCF will be measured across all facilities on a combined basis and will be evaluated in a filing to be made no later than May 1 of the year following the 5-year performance period. Any make-whole payments resulting from a NCF production shortfall in any five-year period will flow back to customers through the FCA over the 12-month period following the performance evaluation covering each five-year performance period. (For example, any make-whole payment pertaining to years 1-5 will flow back to customers during the 12 months following the performance evaluation in year 6.) The calculation for determining amounts due to customers under this guarantee shall be as set out in Attachment 1 hereto. Hours impacted by force majeure will <u>not</u> be excluded from the calculation.

(d) Most Favored Nations (MFN). The MFN will apply to the Cost Cap, NCF Guarantee, PTC Eligibility Guarantee and any other term or condition adopted for SWEPCO in any of the state jurisdictions on behalf of which it acquires a share of the Selected Wind Facilities, whether through settlement or order issued by any such jurisdiction, to the extent such terms or conditions are more favorable to PSO's Oklahoma customers. The respective terms of this Joint Stipulation shall be deemed to be modified to incorporate those more favorable terms provided the term or condition is not unique to the SWEPCO jurisdiction (for example, the MFN will not apply to issues related to customer cost allocation, jurisdictional allocation and rate design). The Company will serve the Stipulating Parties with the orders and settlements described above promptly after they are issued and identify any provisions to which this clause applies.

3. **Other Settlement Terms and Conditions.**

(a) Deferred Tax Asset (DTA). The Company will earn a return on the DTA balance resulting from unused production tax credits over the first twenty (20) years of operation of the SWFs using its then applicable cost of long term debt (currently 4.72%) on any deferred tax asset balance.

(b) Off-system sales (OSS). PSO's fuel adjustment clause (FCA) Rider shall be modified such that PSO customers shall be credited with 100% of PSO's off-system sales margins effective January 1, 2021.

(c) Wind Facility Asset (WFA) Rider. The Stipulating Parties agree that the Company should be authorized to implement the WFA Rider as set forth in the Company's testimony, except as set forth below.

(i) The Company will seek to include each Selected Wind Facility in base rates as soon as practical after each Selected Wind Facility achieves commercial operation. For each Selected Wind Facility that can be included in the general base rate proceeding to be filed by the Company between October 2020 and October 2021, either as a test year item or a post-test year adjustment, the WFA Rider will sunset for that Selected Wind Facility on the date the revenue requirement associated with that Selected Wind Facility is included in base rates. If a Selected Wind Facility is not included in that general base rate proceeding, then the WFA Rider will sunset on the earlier of (A) July 1, 2023 and (B) the date that the revenue requirement associated with that Selected Wind Facility is included in base rates through a general base rate proceeding that will be filed by the Company within one year of the date that the facility achieves commercial operation. In either case, true-up of costs included in the rider, including any unrecovered deferrals, during the period it was in effect are excluded from the sunset. Revenues collected through the WFA Rider are subject to refund based upon the Commission's final determination of prudency.

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(ii) Cost recovery pursuant to the WFA Rider is limited to the Company's filed capital costs and O&M. Additional capital investment and O&M in excess of the levels projected in the Company's testimony during the period the rider is in effect will not be recoverable through the WFA Rider.

(iii) The WFA Rider will recover the lesser of actual or filed capital costs and the lesser of actual or filed O&M. O&M costs will be limited to service agreement costs, land lease costs, and property taxes (as those categories are described in Exhibit JGD-5, *O&M and Capital Forecast,* to the direct testimony of Company witness Joseph G. DeRuntz). O&M costs will be deferred and only recovered through the WFA Rider after the costs are incurred.

(d) Gen-Tie. Nothing in this settlement should be interpreted as providing pre-approval for any future gen-tie lines related to the Selected Wind Facilities.

(e) Allocation of Revenue Requirement to Customer Classes. The revenue requirement associated with the filed capital cost of the SWFs will be allocated in PSO's WFA Rider to the Company's customer classes based on a blended demand/energy allocator, as each wind facility is placed in the WFA Rider, such that the revenue distribution resulting from such allocation will result in no net cost increase for the Company's residential customer class for the year following the addition of each wind facility in the WFA Rider using PSO's base case projections, including production cost savings, production tax credits, and congestion losses, as further described in Attachment 2 hereto. When each wind facility is initially placed in rate base in a PSO base rate proceeding, the Stipulating Parties agree to support or not object to the use of PSO's production cost allocator currently in effect for allocation of SWF costs to PSO's customer classes as part of any cost of service study in such base rate proceeding. The Stipulating Parties reserve the right in PSO's subsequent base rate proceeding, which the Company shall file by no later than January 1, 2025, to recommend an alternative method of cost allocation for the SWFs.

(f) Renewable Energy Credits (RECs). The proceeds, net of transaction costs, from the sale of RECs associated with the Selected Wind Facilities will be provided to customers through the FCA.

(g) Green Energy Choice Tariff (GECT). The Green Energy Choice Tariff will be modified to provide customers the option to purchase RECs available to the Company and derived from the Selected Wind Facilities for up to 100% of their monthly load based on total monthly billed energy usage (kWh). The REC price in the annual rate calculation will be the most recent 12-month weighted average REC transactional market price, as more fully set forth in the current GECT. Upon request, PSO will provide an attestation setting forth that the REC's provided under this special term are not double-counted and are retired on behalf of participating customers by the Company.

(h) Tariffs. The WCA Rider, FCA Rider and GECT that implement the terms and conditions of this Joint Stipulation are attached hereto as Attachments 3, 4 and 5, respectively.

4. **Discovery and Motions.**

As between and among the Stipulating Parties, all pending requests for discovery, and all motions pending before either the Commission or the Administrative Law Judge are hereby withdrawn.

5. **General Reservations.**

The Stipulating Parties represent and agree that, except as specifically otherwise provided herein:

(a) This Joint Stipulation represents a negotiated settlement for the purpose of compromising and settling all issues which were raised relating to this proceeding.

(b) Each of the undersigned counsel of record affirmatively represents that he or she has full authority to execute this Joint Stipulation on behalf of their client(s).

(c) None of the signatories hereto shall be prejudiced or bound by the terms of this Joint Stipulation in the event the Commission does not approve this Joint Stipulation nor shall any of the Stipulating Parties be prejudiced or bound by the terms of this Joint Stipulation should any appeal of a Commission order adopting this Joint Stipulation be filed with the Oklahoma Supreme Court.

(d) Nothing contained herein shall constitute an admission by any Stipulating Party that any allegation or contention in these proceedings as to any of the foregoing matters is true or valid and shall not in any respect constitute a determination by the Commission as to the merits of any allegations or contentions made in this rate proceeding.

(e) The Stipulating Parties agree that the provisions of this Joint Stipulation are the result of extensive negotiations, and the terms and conditions of this Joint Stipulation are interdependent. The Stipulating Parties agree that settling the issues in this Joint Stipulation is in the public interest and, for that reason, they have entered into this Joint Stipulation to settle among themselves the issues in this Joint Stipulation. This Joint Stipulation shall not constitute nor be cited as a precedent nor deemed an admission by any Stipulating Party in any other proceeding except as necessary to enforce its terms before the Commission or any state court of competent jurisdiction. The Commission's decision, if it enters an order consistent with this Joint Stipulation, will be binding as to the matters decided regarding the issues described in this Joint Stipulation, but the decision will not be binding with respect to similar issues that might arise in other proceedings. A Stipulating Party's support of this Joint Stipulation may differ from its position or testimony in other causes. To the extent there is a difference, the Stipulating Parties are not waiving their positions in other causes. Because this is a stipulated agreement, the Stipulating Parties are under no obligation to take the same position as set out in this Joint Stipulation in other dockets.

6. Non- Severability.

The Stipulating Parties stipulate and agree that the agreements contained in this Joint Stipulation have resulted from negotiations among the Stipulating Parties and are interrelated and interdependent. The Stipulating Parties hereto specifically state and recognize that this Joint Stipulation represents a balancing of positions of each of the Stipulating Parties in consideration for the agreements and commitments made by the other Stipulating Parties in connection therewith. Therefore, in the event that the Commission does not approve and adopt the terms of this Joint Stipulation in total and without modification or condition (provided, however, that the affected party or parties may consent to such modification or condition), this Joint Stipulation shall be void and of no force and effect, and no Stipulating Party shall be bound by the agreements or provisions contained herein. The Stipulating Parties agree that neither this Joint Stipulation nor any of the provisions hereof shall become effective unless and until the Commission shall have entered an Order approving all of the terms and provisions as agreed by the parties to this Joint Stipulation and such Order becomes final and non-appealable.

WHEREFORE, the Stipulating Parties hereby submit this Joint Stipulation and Settlement Agreement to the Commission as their negotiated settlement of this proceeding with respect to all issues which were raised with respect to this Application, and respectfully request the Commission to issue an Order approving this Joint Stipulation and Settlement Agreement. The Stipulating Parties further request that the tariffs reflecting the terms of this Joint Stipulation as set forth in Attachments 3, 4 and 5 be approved and become effective after the tariffs have been reviewed and approved by the Director of the Public Utility Division.

[Signatures appear on next page]

PUBLIC UTILITY DIVISION
OKLAHOMA CORPORATION COMMISSION

By: ______________________
Geoff Rush, PUD Energy Manager

PUBLIC SERVICE COMPANY OF OKLAHOMA

By: Jack P. Fite
Jack P. Fite
Joann S. Worthington
Attorneys for Public Service Company of Oklahoma

Michael Hunter
ATTORNEY GENERAL OF THE STATE OF OKLAHOMA

By: ______________________
Jared B. Haines
Assistant Attorney General

OKLAHOMA INDUSTRIAL ENERGY CONSUMERS

By: ______________________
Thomas P. Schroedter

WALMART, INC.

By: ______________________
Rick D. Chamberlain

OKLAHOMA SUSTAINABILITY NETWORK

By: ______________________
Deborah R. Thompson

PUBLIC UTILITY DIVISION
OKLAHOMA CORPORATION COMMISSION

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By: ______________________________
Rick D. Chamberlain

OKLAHOMA SUSTAINABILITY NETWORK

By: ______________________________
Deborah R. Thompson

ONETA POWER, LLC

By: Jon Lasch
Jon Laasch

KIOWA POWER PARTNERS, LLC

By: ______________________
Kenneth H. Blakley
Jacqueline G. Stone

GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.

By: ______________________
J. Eric Turner
Adam J. Singer

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ONETA POWER, LLC

By: ______________________________
Jon Laasch

KIOWA POWER PARTNERS, LLC

By: ______________________________
Kenneth H. Blakley
Jacqueline G. Stone

GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.

By: ______________________________
J. Eric Turner
Adam J. Singer

Attachment 1

Details for Determining the Net Capacity Factor Guarantee

Following the fifth, tenth, fifteenth, twentieth, twenty-fifth and thirtieth full years of operations of the SWFs (with the first year of full operations starting January 1, 2022), the Company will sum the actual metered energy output from the SWFs for each hour of the previous five years across all facilities on a combined basis.

- If the Company's Share of that total energy equals or exceeds the Minimum Net Average Quantity, no other calculations are made and no net capacity factor guarantee payment is necessary.

- If the Company's Share of that total energy is less than the Minimum Net Average Quantity (such differential, the Company's Five-Year Energy Shortfall), then the dollar value of both the Energy and PTC components of the net capacity factor guarantee will be separately calculated and totaled to determine the total make-whole payment to customers.

    - Energy Component. The Company's Five-Year Energy Shortfall will be multiplied by a generation-weighted market price to determine the dollar value of the shortfall energy. The Company's Share of each SWF's hourly production will be multiplied by its interconnection point's day-ahead hourly LMP for each hour of the five-year period. The resulting total energy revenue for the SWFs will then be summed and combined. This combined total revenue will then be divided by the actual total hourly production for the 5-year period to arrive at a single generation-weighted average price applicable to that 5-year period. That price will be multiplied by the Company's Five-Year Energy Shortfall to compute the energy value portion of the NCF make-whole payment.

    - PTC Component. The Company's Share of each facility's shortfall amount of PTC's will be separately computed by first multiplying the Company's Share of each facility's shortfall energy over the 5-year period (based on the facility's percentage of the total output of the SWFs during that period) by 80% for Traverse and Maverick and by 100% for Sundance (such percentages adjusted for any reduction in the federal PTC). Sundance will be excluded from the PTC calculation for the 2031 year, to the extent its 10-year PTC period ends in 2030. These three amounts will be added together and the total will be the total shortfall in PTCs. Any shortfall amount will then be multiplied by the average of the five actual IRS PTC credit rates applicable during the 5-year period. This total will be grossed up by the average federal and state effective tax rate during the five-year period for the first ten Calendar Years that the facility is in commercial operation when it is producing PTCs, and not for subsequent periods. The grossed up total shall be the shortfall PTC value.

    If the Company is making payments under both the PTC and NCF Guarantees, as set forth in Section 2(b), PTC make whole payments in total for any five-year period may not exceed the greater of actual or guaranteed MWh production based on the combined effect of PTC and the NCF Guarantees.

As used in this Attachment:

- "Company's Share" means the Company's 675 MW share of the output of the SWFs, adjusted ratably for any reduction in the final amount of MW installed by Invenergy and its subsidiaries pursuant to the PSAs.

- "Minimum Net Average Quantity" means, for the Company, 11,269,460 MWh for each five-year period of full operation of the SWFs, adjusted ratably for any reduction in the final amount of MW installed by Invenergy pursuant to the PSAs and further adjusted downward for the sixth five-year period (years 26-30) if the Sundance facility is constructed but is no longer in operation after its 30th year of operations.

Attachment 3

PUBLIC SERVICE COMPANY OF OKLAHOMA
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TULSA, OKLAHOMA 74102-0201
PHONE: 1-888-216-3523
KIND OF SERVICE: ELECTRIC

SHEET NO. ________
SHEET NO. ________
EFFECTIVE DATE ________

SCHEDULE: WIND FACILITY ASSET (WFA) RIDER

PURPOSE

The Wind Facility Asset (WFA) Rider is designed to recover return on and of the wind facilities and operation and maintenance expenditures after the facilities commence commercial operation as approved in Cause No. PUD 201900048. All costs and expenditures collected pursuant to the WFA Rider are subject to refund based on the Commission's final determination of prudency. Amounts recoverable through the WFA Rider are subject to adjustment to reflect agreed cost caps and other guarantees specified in the Joint Stipulation and Settlement Agreement.

This schedule is applicable to and becomes part of each PSO jurisdictional rate schedule. This schedule is applicable to energy consumption of retail customers and to facilities, premises and loads of such retail customers.

The WFA Factors will include the Oklahoma retail jurisdictional portion of the facilities placed in commercial operation and will be determined using the most recent approved production allocation factors for PSO. The WFA Factors will be calculated in accordance with the following methodology and will be applied to each kWh or kW sold, as applicable.

DETERMINATION OF FACTORS

The initial period for the WFA Rider's factors shall recover the forecasted return on and of the capital investment for the Sundance wind facility after the commercial operation date of that project. The Sundance-associated O&M as defined below, along with the return on and of capital investment for the Sundance wind facility, shall be recovered in subsequent WFA Rider factor determinations until Sundance is moved into base rates during the first rate case in which it is feasible to do so, subject to any remaining deferred expenses and true-ups being recovered through the WFA Rider.

The WFA Rider factors will be redetermined to be effective in the month following additional projects reaching commercial operation, to recover the forecasted return on and of the associated capital investment for such projects along with the O&M as defined below and return on and of capital investment otherwise recoverable through the WFA Rider. The additional projects that may be included in the WFA Rider through such a redetermination are the Maverick and Traverse projects. If the Maverick and Traverse projects enter commercial service during the same month, a single factor redetermination will be calculated to include the addition of both projects to the WFA Rider.

Each time the WFA Rider factors are redetermined after the initial period due to the addition or removal of projects from the rider due to the commercial operation of a new project or the completion of a base rate case that allows recovery for a project previously included in the WFA Rider, a True-up Adjustment shall be reflected in the WFA Factor determination, and calculated as the difference between the actual WFA Rider costs for the prior period and the revenue received from the WFA Rider for the same time period.

Effective on July 1, 2023, or with base rates that include recovery for the Sundance, Maverick, and Traverse projects, whichever occurs earlier, the WFA Rider factors will be redetermined to include remaining deferred O&M as defined below and a True-Up Adjustment. Such redetermination shall exclude any recovery of a return on PSO's deferred tax asset and shall exclude any recovery of return on or of the capital investment in any project.

The WFA Factors shall be submitted to the Director of the PUD and interested parties and shall be accompanied by a set of workpapers sufficient to fully document the calculations of the WFA Factors, including any potential True-up Adjustment. The submission shall occur at least 90 days prior to the requested effective date of the redetermined WFA Factors. The requested WFA Factors will become effective, upon PUD approval, with the first billing cycle of the requested billing month.

<u>The WFA Factors shall be calculated as shown below:</u>

WFA Factors = (((((WFAP – ADIT - ADEP)*ROR) + (DTA * COD) + DEPX + O&M) * CAF) + TU)/ kWh or kW Sales by Major Rate Class, as appropriate.

WFAP = Average facilities' plant in service balance for the forecasted calendar year.

ADIT = Average Accumulated Deferred Income Taxes related to the facilities.

ADEP = Average accumulated depreciation balance for the forecasted calendar year based on the most current depreciation rates in effect for PSO.

DTA = Average Deferred Tax Asset resulting from unused Production Tax Credits

COD = Long-term debt rate applied to the DTA balance.

DEPX = Depreciation expense for the forecasted period based on the most current depreciation rates in effect for PSO.

O&M = Operations and Maintenance expense incurred and deferred from the prior period limited to service agreement expense, land lease expense, and Ad Valorem tax expense.

ROR = Return on rate base reflects the Commission-approved return on equity, the cost rate for long-term debt, and the capital structure ratios from PSO's most recent base rate case with the weighted equity component rate grossed-up by the gross revenue conversion factor, specific to income tax rates currently in effect for PSO.

CAF = The Class Allocation Factor will be updated at the time of each determination of the WFA Rider factors using a blended energy allocation factor and production demand allocation factor such that there will be no net increase for PSO's residential customers for the year following the redetermination. The calculation shall be performed using PSO's base case projections including production cost savings, production tax credits, and congestion losses. The CAF for the rider for the period that only Sundance is operational follows:

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KIND OF SERVICE: ELECTRIC

SHEET NO. ______
SHEET NO. ______
EFFECTIVE DATE ______

SCHEDULE: WIND FACILITY ASSET (WFA) RIDER

Major Rate Class	Production Allocator
Residential - Secondary	35.3181%
Commercial -Secondary *	30.3633%
SL 3 - Primary	12.7400%
SL 2 – Primary Sub	16.2230%
SL 1 - Transmission	5.3556%

*Includes Lighting

TU = The true-up amount to correct for any variance between the actual WFA Rider costs for the prior period, and the revenue received from the WFA Rider. The calculation will be performed at each factor redetermination following the initial determination of the WFA Rider factors.

TERM

The WFA Rider will remain in effect until the revenue requirement associated with each wind facility is included in base rates, following a Commission review and determination of prudence and reasonableness of amounts recovered, in a general base rate proceeding, or July 1, 2023, whichever is earlier, and then to recover remaining deferred O&M as defined above and any True-Up Adjustment until the succeeding general base rate proceeding, at which time it will terminate.

Attachment 4

PUBLIC SERVICE COMPANY OF OKLAHOMA
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TULSA, OKLAHOMA 74102-0201
PHONE: 1-888-216-3523
KIND OF SERVICE: ELECTRIC

8TH REVISED SHEET NO. 70 - 1
REPLACING 7TH REVISED SHEET NO. 70 - 1
EFFECTIVE DATE 12/31/2019

SCHEDULE: FUEL COST ADJUSTMENT RIDER (FCA)

AVAILABILITY

This Rider is applicable to and becomes a part of each OCC jurisdictional rate schedule in which reference is made to Fuel Cost Adjustment (FCA).

FUEL COST ADJUSTMENT

The Fuel Cost Adjustment shall be calculated by multiplying the total billing kilowatt-hours (kWh) by the Service Level Fuel Cost Adjustment Factor for the current billing period. The Service Level Fuel Cost Adjustment Factor shall be determined on an annual basis and become effective with the October billing cycle in the following manner:

$$FA = \frac{FUEL\$}{S} + DEF\$$$

WHERE:

FA = The Service Level Fuel Cost Adjustment Factor (expressed in dollars per kWh) to be applied per kWh consumed.

DEF$ = The service level prior month's balance sheet amount for the Unrecovered Fuel Cost divided by the service level annual retail kWh sales.

S = Retail service level kWh sales for the period adjusted for any directly assigned fuel kWh subject to the Fuel Cost Adjustment rider.

FUEL$ = (SYS$ + PPE$ - OSEC) x ((S x SLEF)/U) + ((GTD$+PPD$-REC$) x SLPDA) + ((PTC$ ± PTC$TU) x ((S x SLEF)/U))

WHERE:

SYS$ = The OCC allowable fuel expense for the period shall be the fuel expense properly recorded in the FERC Account 5010 and FERC Account 5470, along with environmental consumables expenses properly recorded in subaccounts of FERC Accounts 502, 509 and 548. This value will be adjusted to remove any fuel expense incurred to supply off-system sales.

Rates Authorized by the Oklahoma Corporation Commission

Effective	Order Number	Cause / Docket Number
December 31, 2019	xxxxxx	PUD 201900048
March 29, 2019	692809	PUD 201800097
February 28, 2017	672864	PUD 201700151
December 30, 2016	657877/658529	PUD 201500208
April 30, 2015	639314	PUD 201300217

PPE$ = The energy cost of purchased power for the period shall be the energy-related purchased power expense properly recorded in FERC Account 5550. The purchased power energy cost shall also include the energy-related cost of power purchased from customers, cogeneration and small power production facilities, along with energy-related costs and credits associated with Southwest Power Pool Integrated Market (SPP IM) transactions as recorded in FERC Account 5550. This value will be adjusted to remove any energy-related purchased power costs incurred to supply off-system sales.

PPD$ = The capacity cost of purchased power for the period shall be the capacity- or demand-related purchased power expense properly recorded in FERC Account 5550. The purchased power cost shall also include the capacity- or demand-related cost of power purchased from customers, cogeneration and small power production facilities, along with capacity- or demand-related costs and credits associated with SPP IM transactions as recorded in FERC Account 5550. This value will be adjusted to remove any capacity- or demand-related purchased power costs incurred to supply off-system sales.

REC$ = Proceeds from the sales of Renewable Energy Credits.

OSEC = 100% of the margin from off-system sales of electricity and 75% of the margins from standby service.

S = Retail service level kWh sales for the period adjusted for any directly assigned fuel kWh.

U = Total system service level kWh sales at the generator by the Company for the period adjusted for any directly assigned fuel kWh. The OCC jurisdictional amount is defined as OCC jurisdictional kWh sales divided by total company sales exclusive of off-system sales (net system sales).

SLEF = The service level expansion factor from the most recent line loss study.

SLPDA = The service level production demand allocator from the most recent cost of service study.

GTD$ = The gas transportation and agency expense plus other fixed fuel costs properly recorded in FERC Account 5010.

PTC$ = Estimated Federal Production Tax Credits earned during the applicable calendar year from the Selected Wind Facilities with a tax gross up.

PTC$TU = The True-up amount will be the difference between the Actual Federal Production Tax Credits earned less the estimated Federal Production Tax Credits reflected in the FCA factors in the prior calendar year.

ANNUAL RE-DETERMINATION

On or before September 1 of each year, the Company will submit to the Commission Staff, and all other parties who request the information and who abide by the approved confidentiality processes, the re-determined FCA factors for each service level to be effective the first billing cycle in the following January along with information supporting the calculation and expense underlying such re-determined factors. The Company will also facilitate a meeting with the interested parties of record in Cause No. PUD 201800097 to explain and answer questions regarding the Company's re-determined factors no later than 15 days before the proposed new rates are expected to be placed into effect.

SUCCESSOR ACCOUNTS AND SUBACCOUNTS

Successor accounts and subaccounts may be included as appropriate following advance notification to the Oklahoma Corporation Commission, Director of Public Utilities.

INTERIM ADJUSTMENT OF FUEL COST ADJUSTMENT FACTOR

In the event that the annual fuel cost adjustment factor over/under-recovered balance is $50,000,000 or more on a cumulative basis, the Company or the Commission Staff may request approval of an interim adjustment to the annual FCA. The interim adjustment will be based on the remaining months of the rider applicable period in which the interim FCA is to be applied. The Company shall notify and provide information supporting proposed interim adjustments to the Commission Staff and the interested parties as set forth above no later than 21 days before such changes are expected to be placed into effect. The Director of the Public Utility Division shall review and approve or deny any requested interim FCA adjustments. If approved, the change will become effective with the first billing cycle of the month subsequent to the approval.

MONTHLY RATES

Service Level 1	Service Level 2	Service Level 3	Service Level 4/5/6
0.022206	0.021186	0.025409	0.033436

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KIND OF SERVICE: ELECTRIC

~~7TH~~8TH REVISED SHEET NO. 70 - 1
REPLACING ~~6TH~~7TH REVISED SHEET NO. 70 - 1
EFFECTIVE DATE ~~9/27~~12/31/2019

SCHEDULE: FUEL COST ADJUSTMENT RIDER (FCA)

AVAILABILITY

This Rider is applicable to and becomes a part of each OCC jurisdictional rate schedule in which reference is made to Fuel Cost Adjustment (FCA).

FUEL COST ADJUSTMENT

The Fuel Cost Adjustment shall be calculated by multiplying the total billing kilowatt-hours (kWh) by the Service Level Fuel Cost Adjustment Factor for the current billing period. The Service Level Fuel Cost Adjustment Factor shall be determined on an annual basis and become effective with the October billing cycle in the following manner:

$$FA = \frac{FUEL\$}{S} + DEF\$$$

WHERE:

FA = The Service Level Fuel Cost Adjustment Factor (expressed in dollars per kWh) to be applied per kWh consumed.

DEF$ = The service level prior month's balance sheet amount for the Unrecovered Fuel Cost divided by the service level annual retail kWh sales.

S = Retail service level kWh sales for the period adjusted for any directly assigned fuel kWh subject to the Fuel Cost Adjustment rider.

FUEL$ = (SYS$ + PPE$ - OSEC) x ((S x SLEF)/U) ~~+((~~+ ((GTD$+PPD$-REC$) x SLPDA) + ((PTC$ ± PTC$TU) x ((S x SLEF)/U))

WHERE:

SYS$ = The OCC allowable fuel expense for the period shall be the fuel expense properly recorded in the FERC Account 5010 and FERC Account 5470, along with environmental consumables expenses properly recorded in subaccounts of FERC Accounts 502, 509 and 548. This value will be adjusted to remove any fuel expense incurred to supply off-system sales.

Rates Authorized by the Oklahoma Corporation Commission

Effective	Order Number	Cause / Docket Number
December 31, 2019	xxxxxx	PUD 201900048
March 29, 2019	692809	PUD 201800097
February 28, 2017	672864	PUD 201700151
December 30, 2016	657877/658529	PUD 201500208
April 30, 2015	639314	PUD 201300217
~~January 31, 2011~~	~~581748~~	~~PUD 201000050~~

PPE$ = The energy cost of purchased power for the period shall be the energy-related purchased power expense properly recorded in FERC Account 5550. The purchased power energy cost shall also include the energy-related cost of power purchased from customers, cogeneration and small power production facilities, along with energy-related costs and credits associated with Southwest Power Pool Integrated Market (SPP IM) transactions as recorded in FERC Account 5550. This value will be adjusted to remove any energy-related purchased power costs incurred to supply off-system sales.

PPD$ = The capacity cost of purchased power for the period shall be the capacity- or demand-related purchased power expense properly recorded in FERC Account 5550. The purchased power cost shall also include the capacity- or demand-related cost of power purchased from customers, cogeneration and small power production facilities, along with capacity- or demand-related costs and credits associated with SPP IM transactions as recorded in FERC Account 5550. This value will be adjusted to remove any capacity- or demand-related purchased power costs incurred to supply off-system sales.

REC$ = Proceeds from the sales of Renewable Energy Credits.

OSEC = ~~90~~100% of the margin from off-system sales of electricity and 75% of the margins from standby service.

S = Retail service level kWh sales for the period adjusted for any directly assigned fuel kWh.

U = Total system service level kWh sales at the generator by the Company for the period adjusted for any directly assigned fuel kWh. The OCC jurisdictional amount is defined as OCC jurisdictional kWh sales divided by total company sales exclusive of off-system sales (net system sales).

SLEF = The service level expansion factor from the most recent line loss study.

SLPDA = The service level production demand allocator from the most recent cost of service study.

GTD$ = The gas transportation and agency expense plus other fixed fuel costs properly recorded in FERC Account 5010.

Rates Authorized by the Oklahoma Corporation Commission

Effective	Order Number	Cause / Docket Number
December 31, 2019	xxxxxx	PUD 201900048
March 29, 2019	692809	PUD 201800097
February 28, 2017	672864	PUD 201700151
December 30, 2016	657877/658529	PUD 201500208
April 30, 2015	639314	PUD 201300217
~~January 31, 2011~~	~~581748~~	~~PUD 201000050~~

PTC$ = Estimated Federal Production Tax Credits earned during the applicable calendar year from the Selected Wind Facilities with a tax gross up.

PTC$TU = The True-up amount will be the difference between the Actual Federal Production Tax Credits earned less the estimated Federal Production Tax Credits reflected in the FCA factors in the prior calendar year.

ANNUAL RE-DETERMINATION

On or before September 1 of each year, the Company will submit to the Commission Staff, and all other parties who request the information and who abide by the approved confidentiality processes, the re-determined FCA factors for each service level to be effective the first billing cycle in ~~October~~ the following January along with information supporting the calculation and expense underlying such re-determined factors. The Company will also facilitate a meeting with the interested parties of record in Cause No. PUD 201800097 to explain and answer questions regarding the Company's re-determined factors no later than 15 days before the proposed new rates are expected to be placed into effect.

SUCCESSOR ACCOUNTS AND SUBACCOUNTS

Successor accounts and subaccounts may be included as appropriate following advance notification to the Oklahoma Corporation Commission, Director of Public Utilities.

INTERIM ADJUSTMENT OF FUEL COST ADJUSTMENT FACTOR

In the event that the annual fuel cost adjustment factor over/under-recovered balance is $50,000,000 or more on a cumulative basis, the Company or the Commission Staff may request approval of an interim adjustment to the annual FCA. The interim adjustment will be based on the remaining months of the rider applicable period in which the interim FCA is to be applied. The Company shall notify and provide information supporting proposed interim adjustments to the Commission Staff and the interested parties as set forth above no later than 21 days before such changes are expected to be placed into effect. The Director of the Public Utility Division shall review and approve or deny any requested interim FCA adjustments. If approved, the change will become effective with the first billing cycle of the month subsequent to the approval.

MONTHLY RATES

SCHEDULE: FUEL COST ADJUSTMENT RIDER (FCA)

Service Level 1	Service Level 2	Service Level 3	Service Level 4/5/6
0.022206	0.021186	0.025409	0.033436

PUBLIC SERVICE COMPANY OF OKLAHOMA
PO BOX 201
TULSA, OKLAHOMA 74102-0201
PHONE: 1-888-216-3523
KIND OF SERVICE: ELECTRIC

9TH REVISED SHEET NO. 62 - 1
REPLACING 8TH REVISED SHEET NO. 62 - 1
EFFECTIVE DATE 12/31/2019

SCHEDULE: GREEN ENERGY CHOICE TARIFF (GECT)

AVAILABILITY

This Green Energy Choice Tariff (GECT) (or WindChoice) is available to customers taking service under the Company's standard rate schedules who wish to support the Company's procurement of beneficial environmental attributes also known as Renewable Energy Certificates (RECs) derived from Oklahoma-based renewable wind energy resources. Participation in this program is limited by the availability of RECs from renewable resources currently available to the Company. If the total kWh under contract under this tariff equals or exceeds the availability of RECs from existing resources available to the Company, the Company may suspend the availability of this tariff to new participants. Subscribing customers pay for the value of RECs, and related administrative, advertising, education and participant recruitment costs. All other provisions of the standard pricing schedules shall apply.

CONDITIONS OF SERVICE

Customers choosing to support the generation of electricity from Oklahoma-based renewable wind energy resources may purchase REC's equivalent to a percentage of total monthly billed usage (kWh). Customers may only purchase in whole percentages up to 100 percent of their monthly load.

A REC or beneficial environmental attribute shall be defined as a unit of non-power attribute related to the environment benefit of an offset of emissions or pollutants to the air associated with one MWh of renewable electrical generation.

Green energy kWh subscriptions shall be determined at the time the customer enters service under this Tariff and can be updated for each contract year, or twice within the contract period.

Customers may apply for this schedule at any time. In the event of over subscription, the Company will maintain a waiting list of customers requesting subscription. Customers on the waiting list will only be provided service under this schedule if and when additional GECT kWh are made available through the discontinuation of a current subscriber, or an increase in available kWh under the tariff.

Customers may not enroll if they have a time-payment agreement in effect, have received two or more final disconnect notices, or have been disconnected for non-payment within the last 12 months. The Company may terminate service under this tariff to participating customers who become delinquent in any amount owed to the Company with a 30 day notice.

Rates Authorized by the Oklahoma Corporation Commission

Effective	Order Number	Cause / Docket Number
December 29, 2017	658595	PUD 201600314
December 30, 2016	657877/658529	PUD 201500208
December 30, 2016	658595	PUD 201600314
April 30, 2015	639314	PUD 201300217
December 31, 2013	619783	PUD 201300101

SCHEDULE: GREEN ENERGY CHOICE TARIFF (GECT)

MONTHLY RATE

Monthly charges for energy and demand to serve the customer's total load shall be determined according to the Company's standard rate schedule under which the customer would otherwise be served. In addition to the monthly charges under the applicable standard rate schedule under which the customer takes service, the customer shall also pay the following rate for each kWh under contract. Over subscription in any month does not carry over.

Rate per Subscribed kWh
$0.0027

The rate will be updated on an annual basis in an administrative approval process to be effective with the first billing cycle of the January billing month. The REC price in the annual GECT rate calculation will be the most recent 12-month weighted average, REC transactional market price. The Company will provide customers at least 30-days' advance notice of any change in the rate. At such time, the customer may modify or cancel their automatic monthly purchase agreement. Any cancellation will be effective at the end of the current billing period when notice is provided.

BILLING ADJUSTMENTS

Fuel Cost Adjustment:
All kWh shall be subject to the monthly FA Rider.

Tax Adjustment:
The additional monthly charges computed under this tariff shall be subject to adjustment under the provisions of the Company's Tax Adjustment Rider.

TERM AND CONTRACT

The term for all subscribers is a minimum of one year. Subscription to this tariff shall be automatically renewed at the end of each term unless termination from the program is specifically requested with at least 30 days' notice to the customer. If for any reason the subscriber is no longer eligible to subscribe or cancels the subscription during the term of the contract, they will not be eligible to reapply for subscription for one year.
The Company may terminate service under this tariff to participating customers who become delinquent in any amount owed to the Company with a 30 day notice of termination.

SCHEDULE: GREEN ENERGY CHOICE TARIFF (GECT)

SPECIAL TERMS AND CONDITIONS

This tariff is subject to the Company's Terms and Conditions of Service and all provisions of the standard rate schedule under which the customer takes service, including all payment provisions.

Service under this tariff provides for the purchase of renewable attributes of renewable energy currently available to the Company. Subscribers have the sole right to make claim to the renewable attributes they purchase under this tariff. The Company will retire all renewable attributes purchased under this tariff on behalf of Subscribers. Upon request, PSO will provide an attestation setting forth that the renewable attributes provided under this tariff are not double-counted, are retired on behalf of Subscribers by the Company, and were derived from the Selected Wind Facilities approved by Order No. XXXXX in Cause No. PUD 201900048 before the Oklahoma Corporation Commission.

SCHEDULE: GREEN ENERGY CHOICE TARIFF (GECT)

AVAILABILITY

This Green Energy Choice Tariff (GECT) (or WindChoice) is available to customers taking service under the Company's standard rate schedules who wish to support the Company's procurement of beneficial environmental attributes also known as Renewable Energy Certificates (RECs) derived from Oklahoma-based renewable wind energy resources. Participation in this program is limited by the availability of RECs from renewable resources currently available to the Company. If the total kWh under contract under this tariff equals or exceeds the availability of RECs from existing resources available to the Company, the Company may suspend the availability of this tariff to new participants. Subscribing customers pay for the value of RECs, and related administrative, advertising, education and participant recruitment costs. All other provisions of the standard pricing schedules shall apply.

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