

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE)
COMPANY OF OKLAHOMA, AN)
OKLAHOMA CORPORATION, FOR AN)
ADJUSTMENT IN ITS RATES AND)
CHARGES AND THE ELECTRIC)
SERVICE RULES, REGULATIONS AND)
CONDITIONS OF SERVICE FOR)
ELECTRIC SERVICE IN THE STATE)
OF OKLAHOMA)

CAUSE NO. PUD 202100055



DIRECT TESTIMONY OF

V. JOHN HACKEROTT

ON BEHALF OF

PUBLIC SERVICE COMPANY OF OKLAHOMA

APRIL 2021

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EXHIBITS

<u>EXHIBIT</u>	<u>DESCRIPTION</u>
EXHIBIT VJH-1	Southwest Power Pool Transmission Cost Tracker Support

1 I. INTRODUCTION

2 Q. WOULD YOU PLEASE STATE YOUR NAME, POSITION, AND BUSINESS
3 ADDRESS?

4 A. My name is V. John Hackerott. I am a Regulatory Consultant Principal in the
5 Regulatory Services Department of American Electric Power Service Corporation
6 (AEPSC). AEPSC is a subsidiary of American Electric Power Company, Inc. (AEP)
7 that provides corporate support services to the operating subsidiaries of AEP, including
8 Public Service Company of Oklahoma (PSO or Company). My business address is 212
9 East Sixth Street, Tulsa, Oklahoma 74119-1295.

10 Q. WOULD YOU PLEASE REVIEW YOUR EDUCATIONAL AND BUSINESS
11 BACKGROUND?

12 A. I earned a Bachelor of Science dual-degree in Accounting and Agricultural Economics
13 from Kansas State University in August 1986, and a Masters of Business
14 Administration from Oklahoma City University in December 2001. I have been
15 employed by AEP since 2008 in the Regulated Pricing and Analysis Department. My
16 previous employment history includes twenty years of analysis, including regulatory,
17 financial, forecasting, marketing, and budgeting for industries including energy,
18 telecommunications, and chemicals.

19 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY?

20 A. Yes. While I have not filed testimony or testified before the Oklahoma Corporation
21 Commission (OCC or Commission), I filed testimony with the Public Utility
22 Commission of Texas and the Arkansas Public Service Commission.

23

1 II. PURPOSE AND SUMMARY

2 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

3 A. The purpose of my testimony is to describe the operation of PSO’s Southwest Power
4 Pool Transmission Cost (SPPTC) Tariff and the Southwest Power Pool (SPP) expenses
5 collected through the tariff pursuant to the tariffs approved by Order No. 692809, issued
6 in Cause No. PUD 201800097. I also provide the supporting information for the
7 SPPTC updates submitted to the OCC by PSO in February 2020 and February 2021.

8
9 III. SPP TRANSMISSION COST TARIFF

10 Q. PLEASE DESCRIBE PSO’S SPP TRANSMISSION COST (SPPTC) TARIFF.

11 A. PSO’s SPPTC Tariff provides for the recovery of SPP transmission expenses, in excess
12 of amounts included in base rates, for the SPP transmission services required to provide
13 service to PSO’s customers. As originally approved in Cause No. PUD 201100106,
14 Order No. 591185, the SPPTC provided for the recovery of SPP Base Plan costs
15 (Schedule 11 of the SPP OATT) associated with projects constructed by non-affiliated
16 transmission owners within SPP, and PSO affiliates SWEPCO and Southwest
17 Transmission Company, in excess of the \$3,061,886 included in base rates.

18 PSO’s SPPTC Tariff, as approved in Cause No. PUD 201300217, Order No.
19 639314, revised the cost recovery of SPP Base Plan costs to reflect projects constructed
20 by non-PSO transmission owners within SPP, excluding costs of projects constructed
21 by Oklahoma Transmission Company, Inc. (OK Transco) and changed the billing to
22 the industrial major rate classes to a demand basis rather than a kWh basis. Cause No.

1 PUD 201700151, Order No. 672684, provided continued recovery of the related SPP
2 expenses through SPPTC Tariff.

3 Cause No. PUD 201800097, Order No. 692809, expanded recovery of SPP
4 expenses through the SPPTC Tariff by including all expenses for Schedules 1A, 9, 11,
5 and 12 of the FERC-approved OATT.

6 Q. IS PSO PROPOSING THE CONTINUATION OF THE SPPTC TARIFF?

7 A. Yes. As discussed in the direct testimony of Company witness Matthew Horeled, PSO
8 is proposing to continue the use of the SPPTC to recover SPP charges for Schedules
9 1A, 9, 11 and 12 in excess of the amounts included in PSO base rates. PSO witness
10 Heather Whitney sets forth the SPPTC baseline expense amounts that will offset SPP
11 charges included in future SPPTC filings because they already reflected in base rates.
12 See Section N of the rate filing package for the SPPTC Tariff with the updated
13 baselines.

14

15 IV. SPPTC SUPPORTING INFORMATION

16 Q. WHAT SPPTC SUPPORTING INFORMATION IS PROVIDED IN THIS CASE?

17 A. This case includes the 2020 SPPTC update submitted in February 2020, and approved
18 by the OCC Public Utilities Division in March 2020, and the 2021 SPPTC update
19 submitted in February 2021, and approved by the OCC Public Utilities Division in
20 March 2021. These two filings contain the SPP expenses that were not addressed in
21 Cause No. PUD 201800097, PSO's last base rate case.

1 Q. DOES THE SPPTC TARIFF REQUIRE PSO TO ADDRESS THE
2 REASONABLENESS OF SPP EXPENSES COLLECTED THROUGH THE TARIFF
3 IN EACH BASE RATE CASE?

4 A. Yes.

5 Q. WHAT INFORMATION IS PROVIDED SUPPORTING THE REASONABLENESS
6 OF THE SPP EXPENSES COLLECTED IN THE SPPTC FOR THESE PERIODS?

7 A. The supporting information includes the SPPTC Tariff calculation with the over/under
8 recovery (WP 1 for each filing), a summary of the expenses recovered through the
9 SPPTC Tariff for the periods identified (2020: WP 2 and 2021: WP2-WP3), SPP
10 revenue requirements and rate calculations (the ‘3RRR’ files), SPP tracking reports,
11 expansion plans and base plan funded annual revenue requirement (2020: WP4-WP6
12 and 2021: WP5-WP7). The revenue requirements and rates included in the SPP ‘3R’
13 files are a compilation of each transmission owner’s revenue requirement in SPP based
14 on the transmission owner’s FERC approved Open Access Transmission Tariff. PSO,
15 as a load serving entity pursuant to the SPP OATT, must take transmission service from
16 SPP for all of its retail customers. Please see the direct testimony of Company witness
17 Wayman Smith for information regarding the projects included in AEP’s OATT
18 revenue requirement placed into service since PSO’s last base rate case. Please see the
19 testimony of Company witness Jim Jacoby for a description of SPP’s organization and
20 stakeholder process, the services procured on behalf of PSO under the SPP Open
21 Access Transmission Service Tariff (OATT Tariff), and transmission cost allocation
22 for transmission expansion planning.

23 Q. PLEASE SUMMARIZE PSO’S SPP EXPENSES INCLUDED IN THE SPPTC.

1 A. PSO's expenses included in the SPPTC for 2020 and 2021 are as shown below.

	2020	2021
NITS Admin Fee (Sch 1A)	\$11,877,511	\$12,387,626
NITS (Sch 9)	\$54,268,534	\$86,839,437
Base Plan (Sch 11)	\$62,286,810	\$70,174,826
FERC Assessment Fee (Sch 12)	\$1,594,744	\$1,634,971
PT to PT Expense	\$1,773,281	\$422,150
PSO SPPTC Expenses	\$131,800,879	171,459,010
Less Amount in Base Rates	(\$78,293,026)	(\$78,293,026)
Retail Allocated SPPTC Recoverable Expenses	\$53,507,853	\$93,165,984

PUBLIC SERVICE COMPANY OF OKLAHOMA
SPPTC Supporting Documentation

<u>File Name</u>	<u>Description</u>	
2020 PSO SPPTC Filing		
WP 1 (Exhibit VJH-1 PSO SPPTC Apr 2020 Update)_02-20-20	SPP Transmission Cost Tariff Factors Calculation Workpaper.	
WP 2 SPPTC Tracker Over-Under	Summary of 2019 Schedules 1a, 9, 11, and 12 Expenses.	
RRR_For_Bills_2018-07-01_Revenue_Requirements_and_Rates_Rev20190501	The '3RRR' files consist of the Revenue Requirements and Rates calculated by SPP.	
RRR_For_Bills_2018-08-01_Revenue_Requirements_and_Rates_Rev20190501		
rrr_for_bills_2018-10-01_revenue_requirements_and_rates_rev20190701		
rrr_for_bills_2018-11-01_revenue_requirements_and_rates_rev20190801		
rrr_for_bills_2018-12-01_revenue_requirements_and_rates_rev20190901		
RRR_For_Bills_2019-01-01_Revenue_Requirements_and_Rates_Rev20191201		
RRR_For_Bills_2019-02-01_Revenue_Requirements_and_Rates_Rev20191201		
rrr_for_bills_2019-04-01_revenue_requirements_and_rates		
rrr_for_bills_2019-05-01_revenue_requirements_and_rates		
rrr_for_bills_2019-06-01_revenue_requirements_and_rates		
rrr_for_bills_2019-07-01_revenue_requirements_and_rates		
rrr_for_bills_2019-08-01_revenue_requirements_and_rates		
rrr_for_bills_2019-09-01_revenue_requirements_and_rates		
rrr_for_bills_2019-10-01_revenue_requirements_and_rates		
rrr_for_bills_2019-11-01_revenue_requirements_and_rates		
rrr_for_bills_for_2019-03-01_revenue_requirements_and_rates_rev_20200101		
rrr_for_bills_for_2019-12-01_revenue_requirements_and_rates		
WP 4 (Q1 2020 Quarterly Project Tracking Report)		Consists of cost tracking report prepared quarterly that charts the progress of all SPP Transmission Expansion Plan (STEP) projects approved either directly by the Board of Directors or through a FERC filed service agreement under the SPP Open Access Transmission Tariff.
WP 5 (2020 SPP Expansion Plan)		Annually updated comprehensive listing of all transmission projects in SPP for the 20-year planning horizon.

PUBLIC SERVICE COMPANY OF OKLAHOMA
SPPTC Supporting Documentation

File Name

WP 6 (SPP 10 Year ATRR Forecast_Aug 2019)

Description

A twice annually published forecast of annual transmission revenue requirement (ATRR) by pricing zone and cost allocation type. The present forecast includes total Base Plan funded projects through 2029. It includes approved upgrades that have been issued a Notice to Construct (NTCs and NTC-Cs) that are complete, under construction, or planned. The forecast excludes approved projects for which NTCs have not yet been issued. Point-to-point rates for through and out service are also forecast.

2021 PSO SPPTC Filing

WP 1 (Exhibit VJH-1 PSO SPPTC Apr 2021 Update)_02-26-21 SPP Transmission Cost Tariff Factors Calculation Workpaper.

WP 2 SPPTC Tracker Over-Under as of 01312021

Summary of 2020/2021 Schedules 1a, 9, 11, and 12 Expenses.

WP 3 SPPTC Tracker Over-Under 2020

rrr for bills for 2020 11 01 revenue requirements and rates

The '3RRR' files consist of the Revenue Requirements and Rates calculated by SPP.

rrr for bills for 20201001 revenue requirements and rates rev
20201201

rrr for bills for 20201101 revenue requirements and rates rev
20210101

rrr for bills for 20201201 revenue requirements and rates rev
20210101

RRR_For_Bills_2020-01-

01_Revenue_Requirements_and_Rates_Rev_20200801

RRR_For_Bills_2020-02-

01_Revenue_Requirements_and_Rates_Rev_20200801

RRR_For_Bills_2020-03-

01_Revenue_Requirements_and_Rates_Rev_20200801

RRR_For_Bills_2020-04-

01_Revenue_Requirements_and_Rates_Rev_20200801

RRR_For_Bills_2020-05-

01_Revenue_Requirements_and_Rates_Rev_20200801

RRR_For_Bills_2020-06-

01_Revenue_Requirements_and_Rates_Rev_20200801

RRR_For_Bills_2020-07-

01_Revenue_Requirements_and_Rates_Rev_20200801

ITCGP Refunds for Docket No. EL19-80-000

ITCGP Refunds for Independence Adder EL19-80 (9 months in
2020) 09122020 Annualized

PUBLIC SERVICE COMPANY OF OKLAHOMA
SPPTC Supporting Documentation


<u>File Name</u>	<u>Description</u>
RRR_For_Bills_2020-10-01_Revenue_Requirements_and_Rates rrr_for_bills_2020-01-01_revenue_requirements_and_rates rrr_for_bills_2020-02-01_revenue_requirements_and_rates rrr_for_bills_2020-03-01_revenue_requirements_and_rates rrr_for_bills_2020-04-01_revenue_requirements_and_rates rrr_for_bills_2020-05-01_revenue_requirements_and_rates rrr_for_bills_2020-05-01_revenue_requirements_and_rates_rev20200601 rrr_for_bills_2020-06-01_revenue_requirements_and_rates rrr_for_bills_2020-06-01_revenue_requirements_and_rates_rev20200701 rrr_for_bills_2020-07-01_revenue_requirements_and_rates rrr_for_bills_2020-08-01_revenue_requirements_and_rates rrr_for_bills_2020-12-01_revenue_requirements_and_rates rrr_for_bills_for_2020-08-01_revenue_requirements_and_rates_rev_20200901 rrr_for_bills_for_2020-09-01_revenue_requirements_and_rates	
rrr_for_bills_for_2020-11-01_revenue_requirements_and_rates_rev_20201201	
WP 5 (Q1 2021 Quarterly Project Tracking Report)	Consists of the cost tracking report prepared quarterly that charts the progress of all SPP Transmission Expansion Plan (STEP) projects approved either directly by the Board of Directors or through a FERC filed service agreement under the SPP Open Access Transmission Tariff.
WP 6 (2021 SPP Expansion Plan)	Annually updated comprehensive listing of all transmission projects in SPP for the 20-year planning horizon.
WP 7 (SPP Feb 2021 10-yr ATRR Forecast)	A twice annually published forecast of annual transmission revenue requirement (ATRR) by pricing zone and cost allocation type. The present forecast includes total Base Plan funded projects through 2030. It includes approved upgrades that have been issued a Notice to Construct (NTCs and NTC-Cs) that are complete, under construction, or planned. The forecast excludes approved projects for which NTCs have not yet been issued. Point-to-point rates for through and out service are also forecast.

AFFIDAVIT OF V. JOHN HACKEROTT

STATE OF OKLAHOMA)

COUNTY OF TULSA)

On the 22 day of April, 2021, before me appeared V. John Hackerott, to me personally known, who, being by me first duly sworn, states that he is a Regulatory Consultant Principal, Regulated Pricing and Analysis for American Electric Power Service Corporation, and acknowledges that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.


V. John Hackerott

Subscribed and sworn to before me this 22 day of April, 2021.




Notary Public

My commission expires: 11-12-2024