

BEFORE THE CORPORATION COMMISSION OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE)
COMPANY OF OKLAHOMA ("PSO") FOR)
APPROVAL OF THE COST RECOVERY OF)
THE WIND CATCHER ENERGY)
CONNECTION PROJECT; A DETERMINATION)
THERE IS A NEED FOR THE PROJECT;)
APPROVAL FOR FUTURE INCLUSION IN)
BASE RATES COST RECOVERY OF)
PRUDENT COSTS INCURRED BY PSO FOR)
THE PROJECT; APPROVAL OF A)
TEMPORARY COST RECOVERY RIDER;)
APPROVAL OF CERTAIN ACCOUNTING)
PROCEDURES REGARDING FEDERAL)
PRODUCTION TAX CREDITS; WAIVER OF)
OAC 165:35-38-5(e); AND SUCH OTHER)
RELIEF THE COMMISSION DEEMS PSO IS)
ENTITLED)

CAUSE NO. PUD 201700267

FILED
JUL 31 2017
COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

APPLICATION

I. APPLICANT: Public Service Company of Oklahoma ("PSO")
212 East Sixth Street
Tulsa, Oklahoma 74119-1212

II. ALLEGATIONS OF FACT:

(a) Public Service Company of Oklahoma ("PSO") and its affiliate Southwestern Electric Power Company ("SWEPCO") entered into an agreement with a wholly owned subsidiary of Invenergy Wind Development, North America (Invenergy) to purchase the Wind Catcher Facility ("Wind Facility") subject to regulatory approvals and other conditions. The Wind Facility consists of 2,000 MW (name plate) of wind generation located in the panhandle of Oklahoma. In conjunction with the Wind Facility, PSO and SWEPCO will construct a 350 to 380 mile generation interconnection tie-line called the Wind Catcher Generation Tie Line ("Gen-Tie") (Wind Facility and Gen-Tie collectively referred to as the Wind Catcher Energy Connection Project ("Project")) to deliver the Wind Facility energy to the PSO grid near Tulsa. PSO will own 30 percent of the Project resulting in 570 MW being delivered into the Tulsa area for PSO. The Project is estimated to cost \$4.5 billion with PSO's share being \$1.36 billion.

(b) The Wind Facility is located in a high-quality wind area and is planned to be eligible to receive the benefit of full Production Tax Credits ("PTCs") under federal law.

(c) PSO believes the Project will save the customers of PSO approximately \$996 million on a net present value basis.

- (d) PSO specifically requests that the Commission:
- approve a temporary rider to provide recovery of the depreciation, operating and maintenance expense, property taxes, and return on the investment, net of PTCs. The temporary rider would begin when the Project goes into service and will terminate when the Project is included in base rates.
 - approve for future inclusion in base rates cost recovery of prudent costs incurred by PSO for the Project;
 - determine there is a need for the Project to deliver low-cost energy into the Tulsa area;
 - approve PSO's request to include any PTCs deferred for ratemaking purposes in a regulatory liability that is included in rate base, or earns interest at the company's pre-tax Weighted Average Cost of Capital (WACC) from the commercial operation date of the Project and thereafter;
 - approve PSO's request to include any unrealized PTCs in a deferred tax asset included in rate base in the event the PTCs cannot be fully utilized in a given year(s);
 - approve the requested depreciation rates for the Project;
 - approve PSO's request to apply the existing production allocator for both the jurisdictional and class allocation of the Project; and
 - issue a final order within 240 days of this Application no later than March 31, 2018, to enable the completion of the Project to meet the deadline for claiming 100 percent of the PTC value for customers.

- (e) OAC 165:35-38-5(e) states:

A Cause shall be opened by the utility for cost recovery if the competitive bidding RFP process established in 165:35-34 is not utilized and the utility wishes to gain approval of cost before construction starts.

PSO is seeking a waiver from the language "before construction starts." As will be described in more detail in the testimony accompanying this application, construction was required to start before January 1, 2017, in order for 100 percent of the PTCs to be obtained for the benefit of the customers of PSO. PSO needed additional time after construction had begun to properly evaluate the Project so as to be assured that it would be beneficial to PSO's customers.

(f) PSO believes that the testimony in support of this application provides ample evidence that there is good cause to grant a waiver to the rule provision set forth above.

III. LEGAL AUTHORITY:

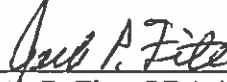
Okla. Const. Art. 9, §18; 17 O.S. §§§152, 153, 286; OAC 165:35-1-3(f)

IV. RELIEF REQUESTED:

WHEREFORE, Public Service Company of Oklahoma requests this Commission

approve PSO's cost recovery of the Project as set forth herein; approve a temporary rider for cost recovery as set forth herein; approve certain accounting procedures regarding Federal Production Tax Credits; determine there is a need for the Project to deliver low-cost energy into the Tulsa area; provide a waiver of OAC 165:35-38-5(e); and for such other relief as the Commission deems PSO is entitled.

Respectfully submitted,



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