

**BEFORE THE CORPORATION COMMISSION OF OKLAHOMA**

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APPLICATION OF PUBLIC SERVICE COMPANY ) CAUSE NO. PUD 201300202  
OF OKLAHOMA ("PSO") TO AMEND THE )  
RELIABILITY VEGETATION/UNDERGROUNDING ) ORDER NO. **620006**  
(RVU) RIDER AND FOR SUCH OTHER RELIEF AS )  
THE COMMISSION DEEMS PSO IS ENTITLED )

HEARING: December 18, 2013, in Courtroom B  
2101 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105  
*Before James L. Myles, Administrative Law Judge*

APPEARANCES: Jack P. Fite and Joann T. Stevenson, Attorneys *representing*  
Public Service Company of Oklahoma;  
Judith L. Johnson, Senior Attorney *representing* the  
Public Utility Division, Oklahoma Corporation Commission;  
William L. Humes, Nicole King and Jerry Sanger, Assistant  
Attorneys General, Office of the Attorney General;  
Jennifer Castillo and Thomas P. Schroedter, Attorneys *representing*  
the Oklahoma Industrial Energy Consumers

**FINAL ORDER**

BY THE COMMISSION:

This Cause comes on before the Corporation Commission of the State of Oklahoma ("Commission") on the above-styled and numbered Application of Public Service Company of Oklahoma ("PSO") filed on November 1, 2013, to allow PSO to amend the Reliability Vegetation/Undergrounding ("RVU") Rider.

**I. PROCEDURAL HISTORY**

1. On November 1, 2013, PSO filed the Application and the Direct Testimony of Mr. Steven F. Baker in this cause. On November 5, 2013, both the Oklahoma Industrial Energy Consumers ("OIEC") and the Attorney General of the State of Oklahoma ("AG") filed Entries of Appearance.

2. On November 8, 2013, PSO filed a Motion to Determine Notice and a Motion for Procedural Schedule.

3. On December 3, 2013, the Commission issued Order No. 618660 establishing a Procedural Schedule which, among other procedural dates, set the hearing on the merits for December 18, 2013, at 1:30 p.m. The Commission also issued on that date Order No. 618661 granting the Motion to Determine Notice. No party objected to the Notice in this Cause, consisting of PSO notifying the AG of the hearing date.

4. On December 13, 2013, the Commission's Public Utility Division ("PUD") filed the testimony of Ms. Amy Taylor.

5. On December 16, 2013, both the OIEC and the AG filed Statements of Position.

6. The hearing on the merits began at 1:30 p.m. on December 18, 2013, before the undersigned Administrative Law Judge ("ALJ").

## II. SUMMARY OF THE EVIDENCE

### Testimony of Steven Baker, PSO

Mr. Steven F. Baker, Vice President of Distribution Region Operations for PSO testified in support of PSO's request to broaden the scope of PSO's existing RVU Rider to include the costs of system hardening and grid resiliency activities performed to strengthen PSO's distribution system against weather-related events.

Mr. Baker testified that PSO's current RVU Rider provides for the recovery of \$23.685 million of distribution vegetation management operation and maintenance costs and \$7.7 million of carrying costs associated with the underground-related capital investment. The RVU Rider has been in place on a permanent basis since 2005 and in its current form since January of 2009. Mr. Baker testified that PSO is proposing to expand the scope of activities conducted under the Rider but was not advocating an increase in the funding caps in the current RVU Rider.

Mr. Baker testified that PSO's reliability efforts, largely funded through the RVU Rider, have resulted in considerable improvements in PSO's overall reliability. According to Mr. Baker PSO's reliability is substantially better than the regulatory base and regulatory minimum performance levels as described in Oklahoma Corporation Commission Electric Service Reliability Rules OAC 165:35-25-18(b).

Mr. Baker testified that system hardening is a systematic approach to improve the existing infrastructure to make it more durable for either normal operating conditions or weather-related events. Examples of system hardening are installing stronger structures, lessening the span length on existing distribution circuits to reduce tension on existing poles, and increasing the strength of downed guys and anchors on dead-end structures.

Grid resiliency is targeted at minimizing the number of customers impacted by an outage and restoring power outages more efficiently when they occur. Mr. Baker gave examples of grid resiliency activities, including installing devices such as line reclosures, sectionalizers, and line fuses to sectionalize the system so that in the event of a fault on the system, these devices isolate the faulted location.

Mr. Baker testified that by increasing the hardening and resiliency expenditures, and allowing timely recovery through the revised RVU Rider, PSO will be enabled to implement a more aggressive program targeted at improving PSO's distribution system's response to weather-related outages, as well as day-to-day reliability.

In response to cross examination by the AG, Mr. Baker reiterated that PSO was not seeking any increase in funding through this application and that PSO was just seeking increased flexibility through the revisions to the RVU Rider which should result in even more increased reliability of PSO's system.

### **Testimony of Amy Taylor, PUD**

Ms. Amy Taylor, Public Utility Regulatory Analyst for the PUD testified on behalf of PUD. Ms. Taylor testified that PSO was requesting changes to the RVU Rider such as omitting the specificity of the current rider, omitting words such as "vegetation management and undergrounding" and replacing them with "system reliability".

Ms. Taylor testified that PUD felt that making these changes to the current RVU Rider would allow the needed flexibility for PSO to focus some of the resources provided through the rider on system hardening. Ms. Taylor testified that PSO acknowledged the fact that trees and other vegetation will continue to grow and PSO assured PUD that they will continue with the required 4-year trimming cycle, making the maintaining and managing of vegetation PSO's number one priority.

Ms. Taylor testified that PUD recommended that the Commission accept PSO's request to modify the RVU Rider and that PUD believed that PSO's effort to create a more comprehensive and flexible program was in the public's best interest because it would strengthen total grid reliability without having any known detrimental effect.

In response to questioning by the ALJ Ms. Taylor acknowledged that she had reviewed the tariff changes that were attached to Mr. Baker's filed direct testimony as Exhibit SFD-1 and that the offered revisions were acceptable to PUD.

The OIEC's Statement of Position filed in the cause reserved the right to file rebuttal testimony and to cross-examine witnesses. The AG's Statement of Position filed in the cause supported the relief requested by PSO for substantially the reasons set forth by Mr. Baker and Ms. Taylor.

### **III. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The Commission finds that it is vested with jurisdiction pursuant to Article IX, Section 18 of the Oklahoma Constitution, and 17 O.S. §§151 and 152.

The Commission further finds that based upon the prefiled testimony and the testimony and exhibits presented at the hearing on the merits, Public Service Company of Oklahoma should be allowed to amend the Reliability Vegetation/Underground (RVU) Rider as proposed by PSO and as set forth in Exhibit SFD-1 attached to the testimony of Mr. Steven F. Baker.

The Commission further finds that approval of the revised RVU Rider, which once revised will be known as the System Reliability Rider is in the public interest.

**ORDER**

THE COMMISSION THEREFORE ORDERS that the Reliability Vegetation/Underground (RVU) Rider, once modified to be known as the System Reliability Rider, is hereby approved.

IT IS FURTHER ORDERED that the System Reliability Rider shall become effective with the first regular billing cycle after Public Service Company has filed tariffs with the Commission that conform to this Order and the tariff has been reviewed and approved by the Director of the Public Utility Division.

THIS ORDER SHALL BE EFFECTIVE immediately.

CORPORATION COMMISSION OF OKLAHOMA



*Patrice Douglas*

PATRICE DOUGLAS, Chairman

*Bob Anthony*

BOB ANTHONY, Vice Chairman

*Dana L. Murphy*

DANA L. MURPHY, Commissioner

**CERTIFICATION**

DONE AND PERFORMED by the Commissioners participating in the making of this Order, as shown by their signatures above, this 7<sup>th</sup> day of January, 2014.

[Seal]

*Joyce Conner*

~~PEGGY MITCHELL, Secretary~~

JOYCE CONNER, Assistant Secretary

**REPORT OF THE ADMINISTRATIVE LAW JUDGE**

The foregoing findings, conclusions and order are the report and recommendations of the undersigned administrative law judge.

*James L. Myles*

JAMES L. MYLES

Administrative Law Judge

*December 31, 2013*

Date