

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

**APPLICATION OF SOUTHWESTERN
ELECTRIC POWER COMPANY FOR:
(I) COMMISSION APPROVAL OF A
SOLAR POWER PURCHASE
AGREEMENT WITH ROCKING R
SOLAR, LLC; AND (II) EXPEDITED
TREATMENT**

DOCKET NO. U-36259

**2022 JAN 28 AM 11:36
LA PUBLIC SERVICE
COMMISSION**

**DIRECT TESTIMONY OF

THOMAS P. BRICE

FOR

SOUTHWESTERN ELECTRIC POWER COMPANY**

JANUARY 28, 2022

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1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

3 A. My name is Thomas P. Brice, and my position is Vice President, Regulatory and Finance
4 for Southwestern Electric Power Company (SWEPCO or the Company). My business
5 address is 428 Travis Street, Shreveport, Louisiana 71101.

6 Q. WHAT ARE YOUR PRINCIPAL AREAS OF RESPONSIBILITY WITH SWEPCO?

7 A. I am responsible for SWEPCO's financial results and regulatory matters in Louisiana,
8 Arkansas, and Texas. I have responsibility for the preparation, filing, and litigation of
9 regulatory cases. Additionally, I am responsible for regulatory interactions, monitoring of
10 regulatory filings, participation in rulemakings, rate and tariff administration, and ensuring
11 compliance with regulatory requirements. I am also responsible for the financial matters
12 of the Company, which includes serving as the primary interface with SWEPCO's parent
13 company, American Electric Power Company, Inc. (AEP).

14 Q. WILL YOU BRIEFLY DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL
15 BACKGROUND?

16 A. I graduated from the University of Louisiana at Monroe (formerly Northeast Louisiana
17 University) in 1985 with a Bachelor of Business Administration in Accounting and a minor
18 in Finance. I am a certified public accountant and certified internal auditor. I am a member
19 of the American Institute of Certified Public Accountants and the Louisiana State Society
20 of Certified Public Accountants. I have more than 36 years of experience in the electric
21 and natural gas utility industries.

22 After graduation, I was employed by Arkla, Inc., which at the time was a vertically
23 integrated natural gas company, in the internal audit department. Upon my departure in

1 1992, I was a senior auditor with primary responsibilities in contract and joint venture
2 auditing.

3 In 1992, I was employed by SWEPCO as an audit manager and soon thereafter
4 assumed the responsibilities of audit director on an interim basis in early 1993. My primary
5 responsibilities as audit manager/interim audit director included managing the day-to-day
6 operation of the department, ensuring successful completion of the annual audit plan, and
7 reporting annual audit results to SWEPCO's Board of Directors.

8 From 1994 through 2004, I worked as a senior consultant for SWEPCO in the areas
9 of planning and analysis, business ventures, and regulatory services. During this period of
10 time, I had the opportunity to manage a diverse set of projects for the Company.

11 In 2004, I assumed the position of Director, Business Operations Support. I was
12 responsible for the Company's financial plans and coordination with other organizations
13 within the AEP system on matters directly affecting SWEPCO's financial and operational
14 results.

15 In June 2010, I assumed the responsibilities of Director, Regulatory Services. In
16 this capacity, I was responsible for the regulatory matters of SWEPCO in Arkansas,
17 Louisiana, and Texas. In May 2017, I assumed my current responsibilities of Vice
18 President of Regulatory and Finance.

19 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY
20 COMMISSION?

21 A. Yes. I have filed testimony before the Louisiana Public Service Commission (LPSC or
22 Commission), as well as the Public Utility Commission of Texas (PUCT), and the Arkansas
23 Public Service Commission (APSC).

1 I previously testified in Louisiana regarding SWEPCO's Formula Rate Plan (FRP)
2 in Docket Nos. U-34200 and U-32220. I also testified in SWEPCO's prior FRP in Docket
3 No. U-23327 Subdocket A, and SWEPCO's prior Fuel Audit Settlement in Docket No.
4 U-23327, Subdocket E. I have also testified concerning SWEPCO's Stall Combined Cycle
5 Plant and Turk Ultra-super Critical Plant in Docket Nos. U-29702 consolidated with
6 U-27866, Subdocket B, as well as SWEPCO's purchase of Valley Electric Membership
7 Corporation (Valley) approved in Docket No. U-31351. I also previously testified in
8 support of SWEPCO's acquisition of Long-term Natural Gas Contracts in compliance with
9 the Commission's Gas Hedging Rule in Docket No. U-34354, as well as in support of
10 SWEPCO's Environmental Retrofits at the Flint Creek and Welsh solid-fuel power plants
11 in Docket No. U-34369. I also previously testified in support of SWEPCO's acquisition of
12 Wind Resources in Docket Nos. U-35324, U-32814, and in Docket No. U-34619, as well
13 as in SWEPCO's current rate case in Docket No. U-35441.

14
15 II. PURPOSE OF TESTIMONY

16 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

17 A. The purpose of my testimony is to introduce the Company's witnesses providing testimony
18 in this case and support the Company's request for a finding that a long-term Power
19 Purchase Agreement (PPA or Agreement) for the purchase of the output of the proposed
20 Rocking R Solar Facility (Rocking R), with Rocking R, LLC, previously being developed
21 by SunChase and located in Caddo Parish, Louisiana, complies with the requirements of
22 the Commission's Stipulated Settlement approved in Docket No. U-35324 dated June 24,
23 2020; is exempt from the Market-Based Mechanism General Order (MBM Order)

1 requirements as it is below 50 MW on a Louisiana jurisdictional basis; and that the
2 Louisiana based Solar Project is prudent and in the public interest in accordance with the
3 Commission's General Order dated September 20, 1983 (1983 Order).

4 SWEPCO is seeking authorization from the Commission that the PPA satisfies the
5 requirements of the 1983 Certification Order and is reasonable and prudent and that the
6 costs may be recovered through the Company's Fuel Adjustment Clause (FAC), as of the
7 effective date of the solar PPA so that customers can realize the full benefit of the
8 Agreement.

9 Q. PLEASE PROVIDE AN OVERVIEW OF THE SWEPCO WITNESSES PROVIDING
10 TESTIMONY IN THIS PROCEEDING.

11 A. In addition to my testimony, SWEPCO is also including testimony from SWEPCO Witness
12 Jay F. Godfrey, who will discuss the unsolicited bid and the negotiation to sell the output
13 of the Rocking R Solar Facility to SWEPCO. SWEPCO Witness Paul Demmy will detail
14 how the PPA will provide savings for retail customers as compared to other generation and
15 power supply options, and explain that the PPA is necessary to supplement or replace the
16 utility's existing generation sources.

1 III. SUMMARY OF ROCKING R SOLAR PROJECT BENEFITS

2 Q. PLEASE BRIEFLY DESCRIBE THE ROCKING R SOLAR PROJECT?

3 A. Rocking R (the Project) is a new solar resource totaling 72.5 megawatts (MW) that is
4 located in northern Caddo Parish, Louisiana within SWEPCO's service territory. As
5 discussed in more detail in the testimony of SWEPCO Witness Godfrey, SWEPCO
6 received an Unsolicited Offer, and after appropriately notifying the Commission and Staff,
7 elected to proceed with the purchase of the energy to be produced at the Rocking R 72.5
8 MW solar facility being developed by Rocking R Solar, LLC (previously being developed
9 by SunChase and now owned by D.E. Shaw Renewable Investments (DESRI)). The
10 project will be located approximately 20 miles north of Shreveport, Louisiana, near the
11 intersection of State Highway 2 and Interstate 49. The project will be interconnected at 69
12 kV into the Hosston substation, which is owned by SWEPCO and operated by the
13 Southwest Power Pool (SPP). The contract was executed on December 1, 2021, subject to
14 regulatory approval, after extensive discussion and negotiations. The equity for the project
15 is being provided by DESRI, (an affiliate of D.E. Shaw & Co., which has \$55 billion in
16 assets under management).

17 Q. PLEASE GENERALLY DESCRIBE THE TERMS OF THE SOLAR PPA?

18 A. The PPA has a term of 20 years, with reasonable fixed cost pricing which does not escalate
19 during the term of the Agreement. The Agreement is priced based on the energy output (in
20 MWh), and does not contain any additional capacity charges. Even though there are no
21 separate capacity charges, Section 7.6 of the Agreement provides that "Any Capacity that
22 may exist from time to time during the Delivery Period shall exclusively and solely accrue
23 to and be owned by Purchaser." This provision assures that, if necessary, the Capacity

1 from this PPA will be used by SWEPCO to meet its reserve capacity requirements with the
2 SPP, thus providing SWEPCO customers additional benefits. The Agreement further
3 contemplates that SWEPCO will be entitled to ownership of all Renewable Energy
4 Certificates (RECs) so that the benefits of those RECs can be made available to SWEPCO
5 customers. Additionally, SWEPCO has an option to purchase the facility after ten years
6 based upon certain pricing metrics contained within the PPA, which is provided as Highly
7 Sensitive Confidential EXHIBIT JFG-1. SWEPCO Witness Godfrey further discusses the
8 Project in his testimony.

9 Q. WILL THE ROCKING R SOLAR PROJECT BENEFIT LOUISIANA CUSTOMERS?

10 A. Yes. The Commission has long recognized the benefits of fuel diversity, and the Rocking
11 R Solar Project will help promote SWEPCO fuel diversity, along with natural gas and
12 wind. Additionally, the Project results in a reasonably priced energy resource being located
13 in Louisiana to serve SWEPCO customers.

14
15 IV. THE NEED FOR THE LOUISIANA SOLAR PROJECT

16 Q. PLEASE DESCRIBE SWEPCO'S NEED FOR THE NEW SOLAR PROJECT.

17 A. SWEPCO's recent Integrated Resource Plan (IRP) process has identified a need for new
18 Solar generation. This Agreement will help satisfy the capacity needs identified in the
19 Company's IRP. In addition, the PPA satisfies an element of the SWEPCO Action Plan
20 under its 2019 IRP filed in LPSC Docket No. I-34715. The Commission confirmed
21 SWEPCO's IRP complied with the Commission IRP process in Order I-34715 dated 2020.
22 This PPA is wholly consistent with the Preferred Plan and Action Plan included in
23 SWEPCO's recent IRP filed in Arkansas in APSC Docket No. 07-011-U, and which is

1 being further addressed in SWEPCO's currently pending IRP in LPSC Docket No.
2 I-36242.

3 Secondly, the PPA fulfills SWEPCO's commitment in the North Central Energy
4 Facilities Settlement Agreement to pursue up to 200 MWs of solar generation in its service
5 territory through a Request for Proposal (RFP) process, or combination of a RFP and
6 Unsolicited Offer Order process.

7 Q. HAS SWEPCO DETERMINED WHETHER THE COST OF THIS SOLAR PROJECT IS
8 REASONABLE AND PRUDENT?

9 A. Yes. The PPA will provide SWEPCO's customers with reasonably priced renewable
10 energy for twenty years at a fixed \$/MWh rate. It will also further act as a hedge in the
11 event future state or federal clean energy standards or other climate legislation is enacted,
12 and as noted above, provides capacity benefits. SWEPCO was able to leverage American
13 Electric Power Service Company's (AEPSC's) extensive experience contracting for
14 renewable energy resources to ensure that SWEPCO's customers will receive
15 competitively priced renewable solar resources. As further described in the testimony of
16 SWEPCO Witness Paul Demmy, SWEPCO ran the contract through the IRP modeling
17 process to confirm that the Rocking R contract parameters compared favorably to the
18 resource options considered in the IRP in order to confirm that the Rocking R PPA was
19 selected to satisfy a portion of the capacity need identified in the IRP preferred plan. That
20 analysis confirmed that the Rocking R Project will contribute energy, needed capacity, and
21 Solar RECs in addition to ancillary services. The ability to use the Rocking R project to
22 meet SWEPCO's upcoming capacity needs at an established and fixed price is an added
23 benefit of this PPA.

1 Q. WILL SWEPCO CUSTOMERS BENEFIT FROM THE ROCKING R PROJECT?

2 A. Yes. The Rocking R PPA will provide needed capacity in the future, help to diversify the
3 Company's generation portfolio and provide a fixed price supply of energy that is
4 unaffected by fluctuations in fuel prices. The Rocking R Project also helps develop a
5 Louisiana energy resource for the benefit of SWEPCO customers.
6

7 V. COMPLIANCE WITH APPLICABLE COMMISSION ORDERS

8 Q. WILL THIS SOLAR PROJECT HELP SATISFY THE REQUIREMENTS OF
9 COMMISSION ORDER U-35324?

10 A. Yes. The PPA fulfills SWEPCO's commitment in the North Central Energy Facilities
11 Settlement Agreement to pursue up to 200 MWs of solar generation in its service territory
12 through a Request for Proposal (RFP) process or combination of a RFP and Unsolicited
13 Offer Order process, unanimously approved in Order U-35324 dated June 24, 2020.¹ Order
14 U-35324 provides in pertinent part the following in paragraph 3(k):

15 **"(k) Solar RFP. SWEPCO agrees to conduct an RFP pursuant to applicable**
16 **Commission orders for up to 200 MW of Solar generation resources located**
17 **within the SWEPCO service territory. This RFP requirement may be satisfied**
18 **by an unsolicited offer or a combination of unsolicited offers and RFP for up**
19 **to 200 MW, in accordance with the Unsolicited Offer Order and other**
20 **applicable Commission Orders.** This RFP will request that the developer(s) of the
21 solar resources(s) begin construction within 3 years of the Commission's approval
22 of this Joint Settlement. By the inclusion of this provision in this joint stipulated
23 settlement, the Commission is in no way agreeing to a need for SWEPCO to acquire
24 energy or capacity ad any such RFP and/or unsolicited offer would be fully subject
25 to the Commission's MBM Order, the 1983 Certification Order, and/or the
26 Unsolicited Offer Order and other applicable Commission Orders." (Emphasis
27 added)

¹ Order U-35324, dated June 24, 2020, *In Re: Application for Certification and Approval of the Acquisition of Certain Renewable Resources*, Joint Stipulated Settlement para. 3(k)

1 In light of the Project benefits described above, this Solar Project is compliant with
2 SWEPCO's obligations pursuant to Order U-35324.

3 Q. DOES THIS PROJECT ALSO COMPLY WITH THE REQUIREMENTS OF THE
4 COMMISSION'S 1983 ORDER?

5 A. Yes. The Rocking R Solar Project meets the criteria set forth in the Commission's General
6 Order dated September 20, 1983 and is in the public interest. The acquisition of this Project
7 serves the public convenience and necessity and is in the public interest because it is
8 reasonably priced and improves generation/fuel diversity with a renewable resource. In
9 support of the Application, SWEPCO's supporting testimony and exhibits have described
10 and set forth the specific data utilized by SWEPCO showing the need and benefits of the
11 Project, as further described by Mr. Godfrey and Mr. Demmy. SWEPCO's Application
12 and supporting testimony and exhibits of Mr. Godfrey also include the cost set out in the
13 PPA, as well as the projected scheduled completion dates, with the Project expected to be
14 in service by December 1, 2024, all in compliance with the 1983 Certification Order.

15 Q. HAS SWEPCO COMPLIED WITH THE REQUIREMENTS OF THE MBM ORDER, AS
16 WELL?

17 A. Yes. The Commission's MBM Order² contains an applicable exemption for a more
18 moderately sized project such as the Rocking R Project. The pertinent provision of the
19 Commission's MBM Order in paragraph 2(a) is as follows:

20 "2. The following generating capacity investments of contracts do not require the
21 formal use of a market-based mechanism:
22 a. resources less than 50 MW summer rating, LPSC jurisdictional share."

² The Commission's Market Based Mechanism Order, dated October 29, 2008, Docket R-26172, Subdocket C, In Re: Possible suspension of, or amendments to, the Commission's General Order dated November 3, 2006 (Market Based Mechanisms Order) to make the process more efficient and to consider allowing the use of on-line auctions for competitive procurement.

1 As SWEPCO operates in three states, the Louisiana allocated share of the Project is less
2 than 50 MW, thus, the project is exempt from the MBM Order formal process. As discussed
3 above, this Project originated in connection with an Unsolicited Offer which serves as a
4 flexible alternative to the specific market-based mechanisms described in the MBM Order.
5 SWEPCO previously provided Commission Staff with notice of the Unsolicited Offer in
6 compliance with the Unsolicited Offer Order³, and is now proceeding with its request for
7 Certification.

8 Finally, the Commission's MBM Order recognizes that renewable energy resources
9 may be treated separately from other resources, noting in paragraph 17 of the MBM Order
10 that it is not "intended to inhibit or restrict the utility from acquiring renewable resources"
11 which may be acquired "as a separate product using separate evaluation criteria." Thus, the
12 Rocking R Solar Project satisfies the requirements of the MBM Order, and/or is exempt as
13 specifically provided in the Order.

14 Q. WILL THIS PPA SERVE THE PUBLIC NEED AND NECESSITY?

15 A. Yes. The desirability of incorporating utility grade solar generation resources has been
16 recognized in each of SWEPCO's last IRPs, and with this resource being located in
17 SWEPCO's Louisiana service territory. SWEPCO's stakeholders have consistently urged
18 the inclusion of renewable energy, specifically solar and wind, in the Company's
19 generation portfolio. The combination of more efficient and affordable renewable
20 facilities, impending generation asset retirements, and the benefits accruing from federal
21 tax policies have allowed utilities like SWEPCO to accelerate the transition from carbon-

³ The Commission's Unsolicited Offer Order, dated October 28, 2008, docket R-30703, in *Re: Consideration of procedures whereby jurisdictional electric utilities must provide the Commission Staff with notice of unsolicited offers, as well as their response to, and analysis of, unsolicited offers.*

1 based fuel generators to the more environmentally friendly renewable energy generators
2 our customers have long desired.
3

4 VI. SWEPCO'S RATEMAKING REQUESTS

5 Q. PLEASE DESCRIBE SWEPCO'S REQUESTED RATEMAKING?

6 A. SWEPCO seeks to recover all costs associated with this PPA through its FAC, in
7 accordance with applicable Commission precedent.
8

9 VII. CONCLUSION

10 Q. IS THE ROCKING R PPA BENEFICIAL FOR SWEPCO CUSTOMERS AND IN THE
11 PUBLIC INTEREST?

12 A. Yes. The combined impact of the new PPA is expected to provide savings for SWEPCO
13 retail customers as compared to other generation and power supply options over the term
14 of the PPA. The Rocking R PPA will provide SWEPCO's customers with reasonably
15 priced renewable energy for twenty-years at a fixed \$/MWh rate. The PPA will further
16 help SWEPCO meet its capacity needs in an affordable manner and will certainly continue
17 to diversify SWEPCO's generation portfolio and accelerate the transition to less carbon
18 based generation, as urged by its stakeholders.

19 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

20 A. Yes, it does.

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DOCKET NO. U-36259

DIRECT TESTIMONY OF

PAUL N. DEMMY

FOR

SOUTHWESTERN ELECTRIC POWER COMPANY.

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1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.

3 A. My name is Paul N. Demmy. My business address is 1 Riverside Plaza, Columbus,
4 Ohio 43215. I am employed as Resource Planning Analyst Staff for American Electric
5 Power Service Corporation (AEPSC). AEPSC supplies engineering, financing,
6 accounting, planning, and advisory services to the eleven electric operating companies
7 of American Electric Power Company, Inc. (AEP), including Southwestern Electric
8 Power Company (SWEPCO or the Company).

9 Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL
10 BACKGROUND.

11 A. I earned a Bachelor of Electrical Engineering from University of Dayton in 2005 and a
12 Master of Business Administration from Ohio University in 2019. I have been a
13 Professional Engineer registered in the State of Ohio since 2011.

14 I began my career in 2006 with United McGill Corporation as a Field Engineer,
15 and later as a Construction Supervisor, on the installation and service of industrial air
16 pollution control equipment. I joined AEPSC in 2011, as a Meter Engineer responsible
17 for work on advanced metering infrastructure. In 2016, I transferred to a role as a Data
18 Scientist responsible for data analytics on distribution equipment. In 2017, I joined the
19 Resource Planning organization to support the development of integrated resource
20 plans (IRPs), production cost modeling, and analyzing generation asset offers.

21 Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES?

22 A. I primarily support the development of IRPs across the various AEP jurisdictions by
23 modeling new generic resources in long-term generation planning and evaluating

1 generation assets offers, which includes the calculation of Levelized Cost of Energy
2 (LCOE).
3

4 II. PURPOSE OF TESTIMONY

5 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

6 A. The purpose of my testimony is to support the Rocking R solar power purchase
7 agreement (PPA) that is presented and discussed in more detail by Company witnesses
8 Lynn Ferry-Nelson and Jay Godfrey. Specifically, I provide a summary of the analysis
9 comparing the cost of the Rocking R PPA to the resource options considered in the
10 Company's most recent IRP currently pending in Louisiana Public Service
11 Commission docket I-36242, and filed in Arkansas in docket 07-001-U.
12

13 III. ROCKING R PPA EVALUATION

14 Q. PLEASE BRIEFLY DESCRIBE THE MODELING EMPLOYED IN THE 2021 IRP.

15 A. The IRP employed an industry-standard AURORA model to assist the Company in
16 selecting an optimal portfolio of resources to meet expected future customer needs
17 under various market scenarios over a 20-year planning period. The AURORA model
18 uses an optimization technique to select the "least-cost" set of candidate resources that

1 minimizes the net present value of revenue requirements subject to certain constraints
2 and assumed market conditions.

3 Q. DID THIS MODELING INFORM SWEPCO'S SELECTION OF A "PREFERRED
4 PLAN" TO MEET CUSTOMERS' NEEDS?

5 A. Yes. Informed by the analysis described above, SWEPCO determined that the "No
6 Early CT" portfolio provides the best combination of supply- and demand-side
7 resources to meet customer needs for the 20-year planning period. The Preferred Plan
8 includes among its supply-side resources the addition of 4,000 MW of new solar and
9 2,450 MW of new wind by 2041.

10 Q. IS THE ADDITION OF THE ROCKING R PPA TO SWEPCO'S SUPPLY
11 RESOURCES CONSISTENT WITH THE PREFERRED PLAN?

12 A. Yes. The addition of the Rocking R PPA to SWEPCO's supply resources is consistent
13 with the IRP Preferred Plan, as discussed by Company witness Thomas Brice, which
14 anticipates the addition of 550 MW of new solar over the next five years. In fact, the
15 Preferred Plan in the IRP selected 450 MW of new solar beginning in 2025 to help
16 satisfy SWEPCO's capacity and energy need.

17 Q. DOES ROCKING R FULFILL A PORTION OF THIS NEED?

18 A. Yes. The 72.5 MW resource will help meet a portion of the need starting in December
19 of 2024.

20 Q. PLEASE SUMMARIZE THE ANALYSIS OF THE ROCKING R PPA.

21 A. The analysis represents a comparison of the cost of this resource to other options that
22 could meet the Company's near term capacity and energy need identified in the IRP.
23 The 72.5 MW Rocking R solar resource was inserted into the IRP modeling in place of

1 generic resources to confirm that the contract parameters compared favorably to other
2 available types of resources selected for utilization in the final approved Preferred Plan.
3 That analysis confirmed the Rocking R project is part of the least-cost optimal plan and
4 will contribute energy and capacity value. While renewable energy credit (REC) value
5 was not included in the analysis, SWEPCO will receive the RECs generated by the
6 project.

7 Q. HOW DID THE ANALYSIS CONFIRM THAT ROCKING R IS AN ECONOMIC
8 RESOURCE OPTION?

9 A. In December of 2021 after the IRP was published in Arkansas, I directed IRP consultant
10 Charles River Associates (CRA) to model a variation of the Company's IRP Preferred
11 Plan, with Rocking R added to the SWEPCO system. For the case with Rocking R, I
12 asked CRA to substitute 75 MW of the generic solar selected to be placed in service in
13 the Preferred Plan at the end of 2024 with the Rocking R parameters (MW capacity, in
14 service date, price, and expected energy production). The AURORA modeling selected
15 Rocking R as a component of the least-cost plan to meet customers' needs. This
16 confirms that Rocking R is reasonably expected to provide savings for customers
17 compared to other generation and power supply options over the term of the Rocking R
18 PPA.

19 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

20 A. Yes, it does.

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JAY F. GODFREY

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EXHIBITS

<u>EXHIBIT</u>	<u>DESCRIPTION</u>
Highly Sensitive Protected Material (HSPM) EXHIBIT JFG-1	Rocking R Solar Facility PPA
Highly Sensitive Protected Material (HSPM) EXHIBIT JFG-2	Rocking R Summary PPA Term Sheet

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.

3 A. My name is Jay F. Godfrey. My business address is 1 Riverside Plaza, Columbus, Ohio
4 43215. I am employed by American Electric Power Service Corporation (AEPSC), a
5 wholly-owned subsidiary of American Electric Power Company, Inc. (AEP), as Vice
6 President – New Generation Resource Development. AEP is the parent company of
7 Southwestern Electric Power Company (SWEPCO or the Company). AEPSC supplies
8 engineering, financing, accounting, regulatory, and similar planning and advisory
9 services to AEP's regulated electric operating companies, including SWEPCO.

10 Q. WOULD YOU BRIEFLY DESCRIBE YOUR EDUCATIONAL AND
11 PROFESSIONAL BACKGROUND?

12 A. I earned a Bachelor of Science degree in Business Administration, with a Major in
13 Finance and a Minor in Economics, from California State University – Chico in 1985
14 and a Master's in Business Administration (MBA) from National University in 1990.
15 In 2006, I completed the AEP Strategic Leadership Program at The Ohio State
16 University Fisher School of Business.

17 I joined AEPSC in 2002. During my time at AEPSC, I have been involved in
18 renewable project asset management, renewable project financing, development efforts
19 for potential greenfield renewable energy projects, and the procurement and
20 management of AEP's wind, hydro, and solar renewable energy power purchase
21 agreements (PPAs). AEP's portfolio of PPAs total approximately 2,840 MW and are
22 located across seven states.

1 My experience includes the negotiation of wind and solar energy PPAs, asset
2 purchase and sales agreements, wind system operations and maintenance agreements,
3 real estate agreements related to wind and solar projects, wind turbine purchase
4 agreements, and project loan documents. I also possess experience evaluating the
5 impact of various financial parameters on project investment returns.

6 I have over twenty-five years of commercial and financial management
7 experience in the renewable energy industry. Prior to joining AEP in 2002, I worked
8 for seven years (1995-2002) in various project finance and development roles in the
9 United States and Europe for Enron Wind Corporation, which has since been acquired
10 by General Electric and now operates as part of GE Renewable Energy. I have also
11 served as the Financial Controller for two publicly held companies in non-energy
12 related fields.

13 From 2005 to 2017, I served twelve successive terms on the Board of Directors
14 of the American Wind Energy Association (AWEA). AWEA is the Washington D.C.-
15 based trade association for the wind energy industry, and AEP is a member. From 2015
16 to 2017, I chaired the AWEA Utility Working Group, which advises that same Board.
17 I also previously served on the Executive Committee of the Renewable Energy Council
18 of the Electric Power Research Institute (EPRI), an independent, non-profit company
19 that performs research, development, and demonstration in the electricity sector for the
20 benefit of the public.

1 Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES AS VICE PRESIDENT –
2 NEW GENERATION RESOURCE DEVELOPMENT, GRID SOLUTIONS?

3 A. As Vice President – New Generation Resource Development, I direct the team that (1)
4 structures and issues renewable energy requests for proposals (RFPs); (2) reviews and
5 evaluates proposals received in response; (3) negotiates and finalizes the agreements
6 with the successful bidder(s); and (4) provides ongoing commercial support as the
7 Company pursues regulatory approvals and moves forward to construction and
8 eventual completion of renewable energy projects.

9 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY
10 COMMISSIONS?

11 A. Yes. I have submitted testimony or testified in Louisiana, Arkansas, Indiana,
12 Kentucky, Michigan, Ohio, Oklahoma, Texas, and Virginia on behalf of AEP affiliates.

13

14 II. PURPOSE OF TESTIMONY

15 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

16 A. The purpose of my direct testimony is to support the Company's request for an approval
17 of a solar PPA for the Renewable Energy Products (energy, capacity, and
18 environmental attributes) from the 72.5 MW Rocking R Solar Facility (Facility). I will
19 describe the Facility and the circumstances surrounding the procurement of the
20 Renewable Energy Products via the PPA. Finally, I will provide an overview of the
21 PPA with Rocking R Solar, LLC.

1 III. ROCKING R SOLAR GENERATING FACILITY

2 Q. DO SWEPCO AND AEPSC HAVE EXPERIENCE EVALUATING AND
3 ENTERING INTO AGREEMENTS FOR RENEWABLE ENERGY FACILITIES?

4 A. Yes. Although this represents SWEPCO's first solar project, The Company and
5 AEPSC have a significant amount of experience evaluating projects for potential
6 acquisition and entering into PPAs or PSAs¹ for renewable energy facilities. AEP's
7 regulated portfolio of renewable PPAs totals 2,840 MW with projects located across
8 seven states, including 469 MW of wind PPAs for SWEPCO. Recently, the Company,
9 with its sister Company Public Service Company of Oklahoma, jointly entered into
10 PSAs for the acquisition of the North Central Energy Facilities (NCEF), consisting of
11 three wind projects, totaling approximately 1,484 MW located in Oklahoma.

12 Q. PLEASE BRIEFLY DESCRIBE THE ROCKING R SOLAR FACILITY.

13 A. The Facility is a 72.5 MW, single axis tracking, photovoltaic solar generating facility
14 that was developed originally by SunChase Power LLC (SunChase) in Caddo Parish,
15 Louisiana. The Facility will be connected to SWEPCO's transmission substation in
16 Hosston, LA at 69kV. The Facility has a targeted in-service date of December 1, 2024.

17 Q. PLEASE DESCRIBE THE DEVELOPER AND THE NEW OWNER OF THE
18 FACILITY.

19 A. The project was originally developed by SunChase. SunChase is a renewable energy
20 company focused on developing utility-scale solar energy projects. Consistent with

¹ Purchase and Sale Agreements ("PSA") are for the purchase of 100% equity interests in the project company associated with a renewable energy facility.

1 SunChase's focus on developing utility scale renewable projects for later sale to well
2 capitalized firms with expertise in constructing and operating renewable energy
3 projects, Rocking R Solar, LLC was purchased from SunChase by an affiliate of D.E.
4 Shaw Renewables Investments (DESRI) in connection with the execution of the PPA
5 between Rocking R and SWEPCO. DESRI is a renewables-focused, active investment
6 fund with stakes in over 60 renewable projects across the country. DESRI is
7 experienced in financing, managing construction of and operating a portfolio of
8 renewable energy projects. DESRI is part of the larger D.E. Shaw & Co., a Private
9 Equity Fund with \$55 B in assets under management.

10 Q. WHY DID SWEPCO PURSUE THE PPA FOR THE FACILITY?

11 A. As discussed by SWEPCO Witness Tom Brice, SWEPCO has an identified need for
12 capacity and renewable energy resources including solar in multiple SWEPCO
13 Integrated Resource Plans (IRPs), including the most recent filed Louisiana IRP. The
14 Facility indirectly resulted from the Joint Stipulation and Settlement Agreement that
15 was adopted in Docket No. U-35324 as part of the approval of the NCEF project in
16 2019. As described in more detail by SWEPCO Witness Brice, SWEPCO agreed to
17 conduct an RFP for up to 200 MW of solar generation resources located within the
18 service territory of the Company. The requirement could be satisfied through responses
19 to an RFP, consideration of an unsolicited offer(s), or a combination of the two. The
20 Rocking R project resulted from an unsolicited offer made by SunChase which became
21 part of Docket No. X-35119.

1 Q. WILL THIS SOLAR PPA HELP SATISFY THE REQUIREMENTS OF THE
2 SETTLEMENT APPROVED IN LPSC ORDER U-35324?

3 A. Yes. The PPA meets a portion of SWEPCO's commitment in the North Central Energy
4 Facilities Settlement Agreement in LPSC Docket No. U-35324 to pursue up to 200
5 MWs of solar generation in its service territory through a Request for Proposal (RFP)
6 process or combination of a RFP and Unsolicited Offer Order process. SWEPCO
7 witness Tom Brice discusses this further in his testimony.

8 Q. IN ADDITION TO CONSIDERING THE UNSOLICITED OFFER, HAS SWEPCO
9 ISSUED AN RFP FOR SOLAR GENERATION RESOURCES?

10 A. Yes. On June 28, 2021 the Company issued an RFP for up to 300 MW of solar
11 resources located in the Company's service territory and connected to the Southwest
12 Power Pool Transmission system. The Company is in the process of evaluating the
13 results of the RFP.

14 Q. WHAT STEPS DID THE COMPANY TAKE AFTER RECEIVING THE
15 UNSOLICITED OFFER?

16 A. The Company held periodic discussions with SunChase for approximately two years
17 and progress was being made on the development of the proposed projects. The
18 Company conducted due diligence that included an internal review of the expected
19 annual energy, technology used, interconnection status, transmission congestion, and
20 more recently, the then proposed new owner's (DESRI) experience in operating
21 renewable generation facilities. In 2021, the Company and SunChase moved forward
22 with commencement of in-depth negotiations leading to the Rocking R PPA, for the

1 reasons that are discussed in more detail by SWEPCO Witness Brice which include the
2 following:

- 3 1) Contributing to the capacity needs outlined in SWEPCO's 2021 IRP;
- 4 2) Adding additional solar has been in the Company's IRP plan for several
5 years; and,
- 6 3) The project was beneficial to customers over the long run.

7 SWEPCO Witness Paul Demmy also discusses analyses performed to confirm the
8 benefits of the project.

9
10 IV. ROCKING R SOLAR FACILITY PPA

11 Q. PLEASE DISCUSS THE TERMS OF THE FACILITY PPA.

12 A. The term of the PPA is for 20 years, the contract price is fixed and unchanged over the
13 entire term, and the PPA also contains a provision that gives the Company the option
14 to purchase the entire facility at the end of ten years subject to certain other additional
15 terms in the Agreement. The PPA requires Rocking R Solar, LLC to design, develop,
16 construct, own or lease, and operate the renewable electric generating facility. Upon
17 the commencement of the Delivery Period of the PPA, defined as the point in time the
18 Facility enters commercial operation, and when all other conditions of the PPA are met,
19 SWEPCO will pay the agreed upon Contract Rate for each MWh delivered by the
20 Facility. The targeted date for commercial operation of the Facility is December 1,
21 2024. Further terms of the PPA, including costs, schedules and other details about the
22 Facility can be found in HSPM EXHIBIT JFG-1 and HSPM EXHIBIT JFG-2.

23 Q. PLEASE DISCUSS THE POTENTIAL FINANCIAL IMPACT OF SECURING
24 PROJECTS ELIGIBLE FOR THE INVESTMENT TAX CREDIT.

1 A. The Section 45 Investment Tax Credit (ITC) is a federal tax credit which is earned by
2 the owners of qualifying renewable energy projects. With a few exclusions (e.g.
3 interconnection facilities, operations and maintenance buildings etc.), it is based upon
4 the capital cost of the project investment. It is a one-time upfront tax credit which
5 reduces the project owner's tax obligation. On a 20-year levelized basis, the ITC serves
6 to buy-down the cost of energy and was taken into account by the project developer
7 and new owner during contract price discussions. In order for the Company to lock-in
8 and secure this benefit of the federal ITC for its customers, the Company needed to be
9 able to move quickly if the developers were to be able to fully construct the project by
10 the end of 2025, the qualification period deadline. The execution of this PPA on
11 December 1, 2021 makes the capture of these savings possible, if approved by the
12 Commission.

13 Q. IS THE ROCKING R PPA BENEFICIAL FOR SWEPCO'S CUSTOMERS?

14 A. Yes. The cost of the energy provided through this PPA is fixed at a reasonable rate for
15 a term of twenty years as supported by the analysis discussed by SWEPCO witness
16 Demmy. Having a resource in the Company's generation fleet that is not subject to the
17 volatility of the marketplace will help reduce risk for SWEPCO's customers. In that
18 respect, it is certainly reasonable and prudent to lock in those benefits, which include
19 the Renewable Energy Products, for SWEPCO's customers over the next twenty years.
20 Finally, the option to purchase the facility after ten years, if circumstances warrant, was
21 a specifically negotiated term that is beneficial to SWEPCO customers.

22 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

23 A. Yes, it does.