

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN THE MATTER OF THE APPLICATION
OF PUBLIC SERVICE COMPANY OF
OKLAHOMA ("PSO") FOR APPROVAL
OF A FINANCING ORDER FOR THE
COLLECTION OF INCREASED COSTS,
CAUSED BY THE EXTREME WINTER
WEATHER AND CONTAINED IN THE
REGULATORY ASSET AUTHORIZED BY
ORDER 717625, INCLUDING AN
APPROPRIATE CARRYING COST, AND
SUCH OTHER RELIEF AS THE
COMMISSION DEEMS PSO IS ENTITLED

Cause No. PUD 202100076

FILED
OCT 28 2021
COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

SUPPLEMENTAL RESPONSIVE TESTIMONY

OF

MICHAEL BARTOLOTTA

ON BEHALF OF

PUBLIC UTILITY DIVISION

OCTOBER 28, 2021

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I. INTRODUCTION

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

3 A. My name is Michael Bartolotta. I am an Executive Managing Director in Public Finance
4 and Debt Capital Markets for Hilltop Securities Inc. (“Hilltop”). My business address is
5 700 Milam Street, Suite 500, Houston, Texas 77002.

6 Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE OKLAHOMA
7 CORPORATION COMMISSION (“COMMISSION”)?

8 A. Yes. I provided Responsive Testimony in this matter on October 21, 2021.

9 **II. PURPOSE OF TESTIMONY**

10 Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

11 A. I am testifying on behalf of the Public Utility Division (“PUD”).

12 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

13 A. The purpose of my testimony is to supplement my prior Responsive Testimony.

14 Q. HOW DO YOU WISH TO SUPPLEMENT YOUR TESTIMONY?

15 A. As a result of a clerical error resulting from the inadvertent omission of the long-term
16 carrying charge proposed by PSO, I wish to amend (a) my response to (i) the Question
17 commencing on Line 8 of Page 29, (ii) the Question commencing on Line 3 of Page 38,

1 (iii) the Question commencing on Line 10 of Page 68 and (iv) the Question commencing
 2 on Line 8 of Page 71, and (b) Attachment I.

3
 4 With respect to the Question commencing on Line 8 of Page 29, please replace in full
 5 Figure 4 with the following:

| "AAA" Securities | 25 Year Maturity | 20 Year Maturity | 15 Year Maturity |
|---------------------------|------------------|------------------|------------------|
| Dated Date | 5/1/2022 | 5/1/2022 | 5/1/2022 |
| Delivery Date | 5/1/2022 | 5/1/2022 | 5/1/2022 |
| True Interest Cost (TIC) | 2.7857% | 2.5983% | 2.3154% |
| Net Interest Cost (NIC) | 2.8075% | 2.6161% | 2.3265% |
| All-In TIC | 2.8179% | 2.6369% | 2.3645% |
| Weighted Average Maturity | 14.2441 | 11.2234 | 8.3505 |
| Par Amount | 734,340,000 | 734,340,000 | 734,340,000 |
| Total Interest | 290,387,821 | 212,337,796 | 139,386,641 |
| Total Debt Service | 1,024,727,821 | 946,677,796 | 873,726,641 |

6 With respect to the Question commencing on Line 3 of Page 38, please replace in full the tables
 7 set forth on Pages 39 and 40 with the following:

| | 25 Year Final Maturity | | | PSO Traditional Financing |
|---------------------------|------------------------|---------------|---------------|-----------------------------------|
| | AAA | AA | A | Weighted Cost of Capital of 8.55% |
| Dated & Delivery Date | 5/1/2022 | 5/1/2022 | 5/1/2022 | 5/1/2022 |
| Last Maturity | 5/1/2047 | 5/1/2047 | 5/1/2047 | 5/1/2047 |
| True Interest Cost (TIC) | 2.7857% | 2.9272% | 3.1599% | 8.6035% |
| Net Interest Cost (NIC) | 2.8075% | 2.9512% | 3.1873% | 8.5763% |
| All-In TIC | 2.8179% | 2.9597% | 3.1928% | 8.6290% |
| Weighted Average Maturity | 14.2441 | 14.3078 | 14.4140 | 16.9937 |
| Par Amount | 734,340,000 | 734,340,000 | 734,340,000 | 733,215,000 |
| Total Interest | 290,387,821 | 306,800,907 | 334,096,967 | 1,065,332,565 |
| Total Debt Service | 1,024,727,821 | 1,041,140,907 | 1,068,436,967 | 1,798,547,565 |

| | 20 Year Final Maturity | | | PSO Traditional Financing |
|---------------------------|------------------------|-------------|-------------|-----------------------------------|
| | AAA | AA | A | Weighted Cost of Capital of 8.55% |
| Dated & Delivery Date | 5/1/2022 | 5/1/2022 | 5/1/2022 | 5/1/2022 |
| Last Maturity | 5/1/2042 | 5/1/2042 | 5/1/2042 | 5/1/2042 |
| True Interest Cost (TIC) | 2.5983% | 2.7329% | 2.9520% | 8.6110% |
| Net Interest Cost (NIC) | 2.6161% | 2.7529% | 2.9750% | 8.5840% |
| All-In TIC | 2.6369% | 2.7718% | 2.9912% | 8.6400% |
| Weighted Average Maturity | 11.2234 | 11.2607 | 11.3247 | 13.1125 |
| Par Amount | 734,340,000 | 734,340,000 | 734,340,000 | 733,215,000 |
| Total Interest | 212,337,796 | 224,369,555 | 244,129,399 | 822,020,940 |
| Total Debt Service | 946,677,796 | 958,709,555 | 978,469,399 | 1,555,235,940 |

| | 15 Year Final Maturity | | | PSO Traditional Financing |
|---------------------------|------------------------|-------------|-------------|-----------------------------------|
| | AAA | AA | A | Weighted Cost of Capital of 8.55% |
| Dated & Delivery Date | 5/1/2022 | 5/1/2022 | 5/1/2022 | 5/1/2022 |
| Last Maturity | 5/1/2037 | 5/1/2037 | 5/1/2037 | 5/1/2037 |
| True Interest Cost (TIC) | 2.3154% | 2.4357% | 2.6260% | 8.6238% |
| Net Interest Cost (NIC) | 2.3265% | 2.4484% | 2.6397% | 8.5970% |
| All-In TIC | 2.3645% | 2.4849% | 2.6756% | 8.6589% |
| Weighted Average Maturity | 8.3505 | 8.3685 | 8.4025 | 9.4940 |
| Par Amount | 734,340,000 | 734,340,000 | 734,340,000 | 733,215,000 |
| Total Interest | 139,386,641 | 147,183,367 | 159,602,625 | 595,178,325 |
| Total Debt Service | 873,726,641 | 881,523,367 | 893,942,625 | 1,328,393,325 |

| | PSO Proposed "AAA" 20 Year Maturity 3 Term Bond Tranches | 20 Year PSO Traditional Financing Weighted Cost of Capital of 8.55% |
|---------------------------|--|---|
| Dated & Delivery Date | 5/1/2022 | 5/1/2022 |
| Last Maturity | 5/1/2042 | 5/1/2042 |
| True Interest Cost (TIC) | 2.7940% | 8.6110% |
| Net Interest Cost (NIC) | 2.7995% | 8.5840% |
| All-In TIC | 2.8329% | 8.6400% |
| Weighted Average Maturity | 11.3398 | 13.1125 |
| Par Amount | 734,340,000 | 733,215,000 |
| Total Interest | 229,847,389 | 822,020,940 |
| Total Debt Service | 964,187,389 | 1,555,235,940 |

1 With respect to the Question commencing on Line 10 of Page 68, please replace 0.38% in Line 20
2 with 0.81% and \$677 million in Line 21 with \$734 million.

3 With respect to the Question commencing on Line 8 of Page 71, please replace 0.11% in Line 15
4 with 0.10% and \$677 million in Line 16 with \$734 million.

5 With respect to Attachment 1, please replace the following estimated bond issuance expenses as
6 follows:

7 (a) Council of Bond Oversight: Replace “Based on an issuance of \$677 million, the
8 fee would be \$73,222 (subject to possible cap)” with “Based on an issuance of \$734
9 million, the fee would be \$78,934 (subject to possible cap)”

10 (b) State of Oklahoma Attorney General: Replace “Based on an issuance of \$677
11 million, the fee would be \$73,222 (subject to possible cap)” with “Based on an
12 issuance of \$734 million, the fee would be \$78,934 (subject to possible cap)”

13 (c) Underwriter: Replace “Based on \$677 million financing: \$3,041,295” with “Based
14 on \$734 million financing: \$2,937,360”. Replace “Estimated expenses: \$332,435,
15 including an estimated underwriters’ counsel fee of \$250,000 based on Request for
16 Proposal response.” With “Estimated expenses: \$339,280, including an estimated
17 underwriters’ counsel fee of \$250,000 based on Request for Proposal response.”

18 (d) Rating Agencies: Replace \$237,025 with \$257,019; \$389,399 with \$422,246; and
19 \$507,911 with \$550,755.

I state, under penalty of perjury under the laws of the state of Oklahoma that the foregoing is true and correct to the best of my knowledge and belief.

Michael Bartolotta
Michael Bartolotta

CERTIFICATE OF ELECTRONIC SERVICE

I, the undersigned, do hereby certify that on the 28th day of October 2021, a true and correct copy of the above and foregoing was sent electronically to:

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