BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF OKLAHOMA GAS AND ELECTRIC COMPANY FOR COMMISSION APPROVAL OF ELECTRIC SERVICE AGREEMENTS AND PREAPPROVAL OF CAPACITY PURCHASE AGREEMENTS PURSUANT TO 17 O.S. § 286(C)	)))))))	Case No. PUD2026-000031

Redacted Direct Testimony

of

Matthew J. Schuermann

on behalf of

Oklahoma Gas and Electric Company

May 1, 2026

Q. **Please state your name and business address.**

A. My name is Matthew J. Schuermann. My business address is 321 N. Harvey, Oklahoma City, Oklahoma, 73102.

Q. **By whom are you employed and in what capacity?**

A. I am employed by Oklahoma Gas and Electric Company ("OG&E" or "Company") as the Vice President of Power Supply Operations.

Q. **Please summarize your educational background and professional qualifications.**

A. I earned a Bachelor of Science Degree in Mechanical Engineering from the University of Oklahoma (2002) and a Master of Business Administration from Oklahoma State University (2008). I began my career with OG&E in 2000 as an engineering intern and began full-time employment in 2002 as a plant engineer. I have held various roles in the organization, with most being in leadership of the areas of operations, engineering, and planning for the generation fleet of the company. In my current position I oversee the operations and maintenance of all generation assets for the company as well as the long-term resource planning and supply adequacy strategies.

Q. **Have you previously testified before this Commission?**

A. Yes, I have.

Q. **What is the purpose of your testimony?**

A. The purpose of my testimony is to support the pre-approval of capacity resources that have been selected by the Company to meet the resource adequacy needs as shown in its 2024 and 2025 IRPs.

Q. **What is OG&E requesting pre-approval for in this case?**

A. OG&E is requesting pre-approval for two Capacity Purchase Agreements ("CPAs"), which are associated with the special contracts also being presented in this case.

Q. **What are the two generating resources associated with the CPAs?**

A. The Rush Springs facility is a solar generation project under construction with a nameplate rating of 200MW and an expected in-service date during the spring of 2027. The High Spring facility is also a solar generation project under construction with a nameplate rating of 400MW and an expected in-service date during the spring of 2028.

Q. **How do the CPAs subject to this pre-approval help satisfy OG&E's capacity needs?**

A. The CPAs, in combination, would provide approximately 360MW of accredited capacity during the summer resource adequacy periods and approximately 120MW of accredited capacity during the winter resource adequacy periods. Although this addition does not fully address the Company's projected capacity shortfall over the coming years, it does represent an important progression towards meeting and supporting the Company's capacity requirements.

Q. **Describe the process that led to the execution of the CPAs.**

A. As described by witness Laws, the negotiations for providing electric service to certain Google sites have been in process for over a year. As part of those conversations, Google first introduced the topic related to their ability to offer capacity resources in January of 2025. They then provided additional details about the specific solar sites, which became known as the Supplemental Resources as referenced in the Energy Service Agreements (ESAs). These Supplemental Resources, Rush Springs and High Spring, were each offered as 15-year CPAs at a cost that is below market.

Q. **Does Google own the Rush Springs and High Spring facilities?**

A. No, Google does not own the generation facilities. Google has a contract to acquire [redacted], from both Rush Springs and High Spring. This provides them with the rights to sell the capacity to another party.

Q. **Please describe the CPAs.**

A. Each of the CPAs provide both summer and winter capacity for a term of 15 years. The Rush Springs CPA will begin with the 2027 summer period, and the High Spring CPA will

begin with the 2028 summer period. The Company will only pay for the amount of capacity that is actually scheduled and received during the periods. The specific amount of capacity will vary depending on the accreditation that is assigned to the resource from the Southwest Power Pool but will be approximately 120MW in the summer and 40MW in the winter for Rush Springs and approximately 240MW in the summer and 80MW in the winter for High Spring. The cost for each CPA is fixed over the 15-year term at [redacted]

Q. **How does this price compare to bids that have been received and evaluated by the company in its recent RFP?**

A. Compared to other bids offered into the Company's 2024 All Source RFP, the price for both CPAs is roughly 26% lower than the lowest-cost bid initially offered, although that bid was later withdrawn. When compared to the least-cost CPA the Company ultimately executed through the RFP, this price is approximately 58% lower.

Q. **Where would these projects have ranked in the All Source RFP if they would have been submitted as bids?**

A. Because these projects were not bid in to the RFP, the complete scoring process was not conducted. Though it can be estimated that if bid, these projects would have been the highest ranked projects available to the Company, since the price of these CPAs are lower than the highest ranked project that remained through the RFP process.

Q. **How do the CPAs become effective?**

A. The CPAs become effective only once the Conditions to Effectiveness under the ESAs, as discussed in the testimony of John Laws, are satisfied or waived. If those conditions are not met by the ESA long-stop date, either party may terminate the CPAs with no further liability.

Q. **What are some other key terms and provisions of the CPAs?**

A. Google will supply accredited capacity from each facility. Google may also nominate Alternate Facilities to supply the capacity if needed, but only under limited conditions such

as PPA termination, operational issues at the designated facility, or uncontrollable external conditions. OG&E has a 30-day review right, and if an Alternate Facility is designated it cannot impose additional costs on OG&E.

Q. **Are there protections for OG&E and its customers built into the CPA contracts?**

A. Yes. For each facility, Google must deliver the greater of the accredited capacity assigned by SPP or the capacity it would have received if fully available. This protects OG&E from capacity reductions caused by delays, derates, or operational issues. If an Alternate Facility is approved as a replacement for Rush Springs, Google must deliver 120 MW in Summer or 40 MW in Winter across all facilities. For the High Spring CPA, the required amounts are 240 MW (Summer) and 80 MW (Winter).

If Google fails to deliver the required capacity, it must pay the net cost difference between the contracted rate and the cost of replacement capacity, any regulatory penalties arising from the failure, and its proportional share of any SPP Deficiency Payments. Failures by project owners are treated as failures by Google; therefore force majeure cannot be used to avoid liability.

Either party may terminate the CPA if all ESAs are terminated, or if certain ESAs terminate and the Maximum Contract Demand falls below negotiated thresholds. These rights cannot arise before the ninth ESA contract year.

Q. **What are the benefits of the CPAs?**

A. OG&E needs a significant quantity of capacity to serve load for all customers in both the near and long term. Google's offers of capacity from Rush Springs and High Spring provide a material quantity of capacity at the lowest cost available to the Company. Unlike some other CPAs, these provide alternate facilities to supply the needed capacity in the event that either the Rush Springs or High Spring facilities are not available. Google's provision of this capacity is a significant benefit to ensure the Company receives capacity to help meet its resource adequacy requirements. Further, as a CPA, this contract structure is a more straightforward way for OG&E to receive the capacity that is needed, while not taking on the energy market pricing risk of a Power Purchase Agreement that includes both the purchase of capacity and energy.

Q. **Do you have any recommendations for the Commission?**

A. Yes. I recommend the Commission grant pre-approval of the CPAs. These projects are priced below market, and based on my experience, I believe these projects will provide significant value to customers.

Q. **Are you sponsoring any exhibits?**

A. Yes. I am sponsoring the two CPAs as Confidential Exhibits MJS-1 and MJS-2.

Q. **Does this conclude your direct testimony?**

A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that on the 1st day of May 2026, a true and correct copy of the foregoing was electronically served via the Electronic Case Filing System to those on the Official Electronic Case Filing Service List, or via electronic mail to the following persons:

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A. Chase Snodgrass

AFFIDAVIT

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA)

On the 30th day of April 2026, before me appeared Matthew J. Schuermann, to me personally known, who, being by me first duly sworn, states that he is the Vice President of Power Supply Operations for Oklahoma Gas and Electric Company ("OG&E") 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.

Print Matt Schuermann

Signature

Subscribed and sworn to before me this 30th day of April, 2026.

Notary Public

My commission expires: 10-17-2026

Seal

