

BEFORE THE CORPORATION COMMISSION OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF)
OKLAHOMA GAS AND ELECTRIC COMPANY)
FOR AN ORDER OF THE COMMISSION)
AUTHORIZING APPLICANT TO MODIFY ITS)
RATES, CHARGES, AND TARIFFS FOR RETAIL)
ELECTRIC SERVICE IN OKLAHOMA)

CAUSE NO. PUD 201500273

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RESPONSIVE RATE DESIGN TESTIMONY OF

KATHY J. CHAMPION

MARCH 31, 2016

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INTRODUCTION

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

2 **A:** My name is Kathy J. Champion. My business address is the Jim Thorpe Office Building,
3 Room 580, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105.

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

5 **A:** I have been employed by the Public Utility Division ("PUD") of the Oklahoma
6 Corporation Commission ("OCC" or "Commission") as a Regulatory Analyst since July
7 2013.

8 **Q: What are your duties and responsibilities with PUD?**

9 **A:** My principal responsibility is to audit and analyze utility applications, reports, financial
10 records, and all work papers to assist PUD in making an accurate recommendation to the
11 Commission. My primary responsibilities are related to energy efficiency programs and
12 policies and cost of service ("COS") and rate design analysis for electric and gas utilities.

13 **Q: Please state briefly your educational background and professional experience?**

14 **A:** See my curriculum vitae, attached as Exhibit KJC-1.

15 **Q: Have you previously testified before this Commission and were your qualifications**
16 **accepted?**

17 **A:** Yes.

PURPOSE

1 **Q: What is the purpose of your testimony in this phase of Cause No. PUD 201500273?**

2 **A:** The purpose of my testimony is to present PUD's review of the Oklahoma Gas and
3 Electric Company ("OG&E" or "Company") Application for a change or modification to
4 its rates, charges, and tariffs; I will specifically address the proposed changes in rate
5 design for residential and small commercial customers, the use of riders, Pay-as-you-go
6 billing option, Smart Meter opt-out option, Distributed Generation tariff, and changes
7 to the Company's miscellaneous charges.

RATE DESIGN

8 **Q: What is a cost of service study ("COSS") and how is it used in rate design?**

9 **A:** A COSS is performed in three steps: First, costs are functionalized, meaning that they are
10 defined based upon their function (e.g., production, distribution, transmission). Second,
11 each cost is classified as energy-related (which vary by the amount of energy a customer
12 consumes), demand-related (which vary according to customers' maximum demands),
13 and customer-related (which vary by the number of customers). Finally, these costs are
14 allocated to the appropriate customer classes.

15 **Q: Please explain how unit costs from the class COSS are used in rate design.**

16 **A:** Unit costs from the class COSS are used as a point of reference for rate design. However,
17 cost-causation is not the only criterion used when setting rates. Other considerations such

1 as rate stability, equity, and efficiency also play into the design of rates, as I will discuss
2 later in this testimony.

3 **Q: Did the Company perform a class COSS to determine customer-related unit costs?**

4 **A:** Yes, the Company performed a COSS, as presented by Company Witness David Smith.

5 **Q: Do you have any comments regarding the customer-related unit costs from the**
6 **Company's class COSS?**

7 **A:** Yes. As discussed in the testimony of PUD witness Jeremy K. Schwartz, PUD questions
8 that OG&E has placed a high level of importance on the use of unit costs, however, the
9 Company did not update the minimum intercept study for this COSS. The Company
10 utilized the minimum intercept study from 2008, which does not reflect the significant
11 increase in distribution plant investments which could have an effect on the classification
12 of costs.

13 **Q: Are the COSS estimates of customer-related costs the only consideration used**
14 **when setting customer charges?**

15 **A:** No. The COSS estimates of customer-related costs are not the only or defining
16 consideration when setting customer charges. The Commission is not bound to set the
17 customer charges based solely on the results of the COSS. The Commission must also
18 consider the impacts of changing the existing customer charges and the broader public
19 policy position this change represents.

OG&E's RATE DESIGN

1 **Q: What is OG&E's rate design proposal?**

2 **A:** OG&E has proposed a significant change in the rate design for both the residential and
3 small commercial rates. OG&E is proposing to change the rate structure from a two-part
4 rate, customer and energy charges, to a three-part rate, with customer, demand, and
5 energy charges. According the Company witness William Wai, the Company is
6 proposing to:

- 7 1) add demand (kW) charge for non-demand (non time differentiated) tariffs;
8 2) change season definitions (eliminate the shoulder)¹

9 The classes to receive the new demand (kW) charge include:

- 10 Residential (r-1)
11 General service (gs-1)
12 Oil & Gas producers;
13 Municipal water pumping (PM);
14 Public schools – non demand (PS-ND)

15 For existing rates – kW charges are updated.

16 **Q: Why has OG&E proposed the change to a three-part rate?**

17 **A:** OG&E witness Dr. Ahmad Faruqui provides several reasons including recognition of
18 Bonbright's² principles of a sound design, matching cost recovery to the unit costs within
19 the cost of service. William Wai also includes additional reasons, essentially that with
20 the installation of smart meters the Company is able to include a demand charge and that

¹ Direct Testimony Cause No. PUD 201500273, William Wai, Page 7, lines 1-3

² James Bonbright, *Principles of Public Utility Rates*, Columbia University Press, 1961, page 291

1 demand charges address inequity in recovery that may be associated with new reduced
2 consumption caused by smart appliances/distributed generation (cost shifting).

3 **Q: Please describe Bonbright's criteria for a sound rate structure.**

4 **A:** Bonbright discusses eight (8) key criteria for a sound rate structure. These criteria are:

- 5 1. The related, "practical" attributes of simplicity, understandability, public
6 acceptability, and feasibility of application.
- 7 2. Freedom from controversies as to proper interpretation.
- 8 3. Effectiveness in yielding total revenue requirements under the fair-return
9 standard.
- 10 4. Revenue stability from year to year.
- 11 5. Stability of the rates themselves, with a minimum of unexpected changes
12 seriously adverse to existing customers.
- 13 6. Fairness of the specific rates in the appointment of total costs of service among
14 the different customers.
- 15 7. Avoidance of "undue discrimination" in rate relationships.
- 16 8. Efficiency of the rate classes and rate blocks in discouraging wasteful use of
17 service while promoting all justified types and amounts of use:
 - 18 (a) in the control of the total amounts of service supplied by the company;
 - 19 (b) in the control of the relative uses of alternative types of service (on-peak
20 versus off-peak electricity, Pullman travel versus coach travel, single-party
21 telephone service versus service from a multi-party line, etc.).

22 **Q: Are these principles widely recognized and utilized by this Commission?**

23 **A:** Yes. The principles listed above have been recognized for many years, and Dr. Faruqui
24 provides an overview of the Company's interpretation of Bonbright's principles
25 beginning on page seven of his direct testimony.

26 **Q: Is the Company's rate design proposal consistent with Bonbright's principles?**

27 **A:** While the interpretation of Bonbright's principles is often debated, PUD finds that the
28 Company's proposal does not meet the principles of rate stability (often referred to as
29 "gradualism"), fairness among customers, or efficiency.

1 **Q: Please describe Bonbright's principle regarding rate stability.**

2 **A:** This principle provides that customer rates should not change suddenly, particularly if
3 this will cause harm to customers.

4 **Q: In what way should customer rates exhibit stability?**

5 **A:** According to Bonbright's principle of rate stability, which includes the individual
6 components of the rate design (customer charge, demand charge, energy charge), rates
7 should not change dramatically from one period to the next. As stated, rates should have
8 a minimum of unexpected, adverse changes.

9 **Q: Is the Company's proposal consistent with this principle?**

10 **A:** No. The Company proposes to increase the customer charge for residential customers
11 from \$13.00 to \$26.54, an increase of over 100 percent. In addition, OG&E's proposal
12 not only increases the customer charge component but also adds a new element, the
13 demand charge, to their existing rate design (which is approximately \$2.75 per kW for a
14 residential consumer and an average residential consumer uses six (6) kW for an
15 additional fixed charge increase of \$16.50). The combination of the increased customer
16 charge and the demand charge create a dramatic change in recovery among customers
17 within the same class (from the figures listed above, an average residential customer will
18 go from a \$13.00 fixed charge to approximately \$43.04 in fixed charges, or an increase
19 of \$30.04 in unavoidable charges). OG&E is also requiring that this change be made
20 immediately, recognizing no gradualism in their application of the rate design change.

1 This is in spite of OG&E's own data that recognizes significant, adverse increases to
2 certain customers within the affected classes, primarily the small use customers. The
3 adverse impacts to small use, or those with less than average use, customers is illustrated
4 in Figure 3 of this testimony.

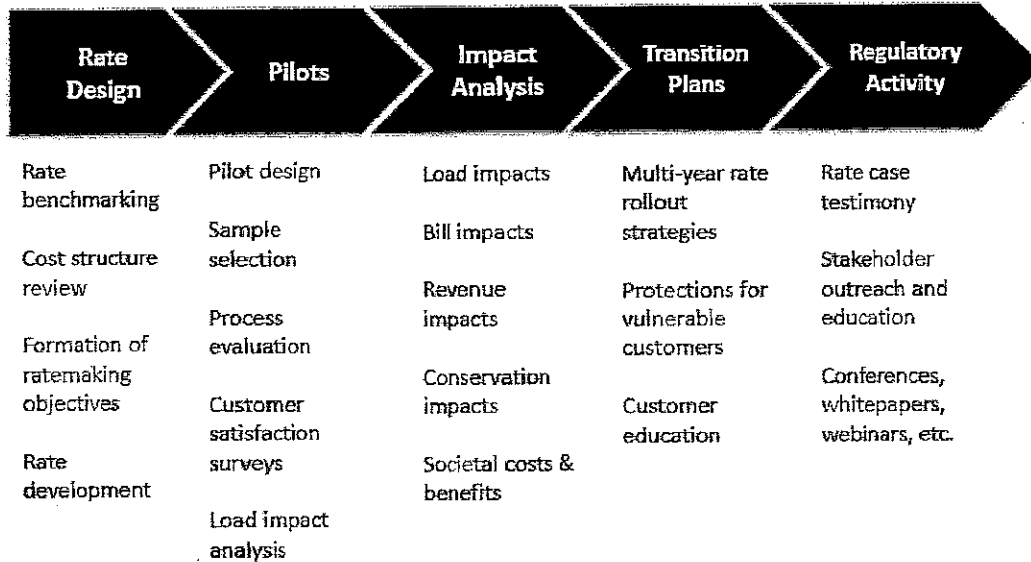
5 **Q: Please discuss how OG&E might utilize gradualism to implement its proposed**
6 **change to three-part or demand charges.**

7 **A:** As discussed in a presentation by another Brattle employee, Ryan Hedlik, there are
8 several approaches to implementing demand charges³. The chart below shows a
9 measured, gradual approach that includes the use of pilots to identify the impacts on
10 customers, the educational needs for customers to be successful on the rate, and
11 identification of protections for smaller customers.

³ Rolling out residential demand charges; Ryan Hedlik; EUCI Residential Demand Charges summit; May 2015; Slide 33.

Figure 1. Phased Demand Charge Transition Approach

The transition to a demand charge will take time and require careful planning



1 In addition, Dr. Faruqui, in a presentation supporting demand charges to the
 2 National Association of Regulatory Commissions (“NARUC”)⁴, also acknowledges that
 3 there may be financial impacts on vulnerable customers (low income/small users) and the
 4 solutions may be to exclude them initially from demand charges, phase in the rates, and
 5 provide financial assistance for installing EE measures.

6 PUD supports the use of processes similar to that highlighted by Mr. Hedlik to
 7 implement, or transition to, a three-part rate structure. This process is similar to the
 8 approach that OG&E has used in implementing both its current Variable Peak Pricing
 9 (“VPP”) and Time of Use (“TOU”) tariffs. OG&E first established pilots with specific
 10 goals established regarding customer participation and the impact on the system. OG&E
 11 tested messaging and customer education material to ensure they identified the benefits to

⁴ *The Movement Towards Demand Charges for Residential Customers*, November 06, 2015. Slide No. 9

1 customers and how they could be successful on the new tariffs. OG&E also protected
2 participants by giving participating customers a “best-bill” option, which billed
3 customers for a full year on the tariff that provided them the “best-bill” between
4 participation in the new tariff and how they would have been billed under existing tariffs.
5 This gave customers a no-fail method to test the new options and the Company the
6 opportunity to learn how to better educate customers about how to participate.

7 The practice of offering the three-part rate with demand charges on a voluntary
8 basis to residential customers/small commercial is also the practice of all other utilities
9 with demand charges in the United States (“US”). As discussed in the testimony of Dr.
10 Faruqui,⁵ there are several utilities that include demand charges for their residential and
11 small commercial customers. However, in response to data request AG 8-14, Dr. Faruqui
12 clarified that none of those US utilities include the demand charge/three-part rate as the
13 standard, mandatory rate for their standard residential customers. Most utilities offer it as
14 a part of their optional TOU rates and target their promotion of the demand charge rates
15 to their largest customers – those who they know will be successful on the rate. Only one
16 (1) utility includes the demand charge rate as part of a mandatory rate and it is only
17 mandatory for a specific segment of their residential/small commercial customers their
18 net metered customers. PUD highlights the utilities offering demand charges in the chart
19 below. In addition, Dr. Faruqui specifically mentions the 100,000 customers
20 participating in Arizona Public Service Electric “APS” Company’s residential demand
21 charge tariff. While APS does have approximately 100,000 customers participating in
22 the demand TOU tariff, that represents approximately 10 percent of its customer base.

⁵ Direct Testimony Cause No. PUD 201500273, Dr. Ahmad Faruqui Exhibit AF-2

1 The APS TOU kW tariff has also been marketed to customers for approximately 30
 2 years, in order to achieve its current participation level.

Figure 2. Optional Residential/Small Commercial Demand Charge Tariffs

AG 8-14 Ahmad Faruqui State	Exhibit AF-2 Optional	Mandatory	Demand interval
1 Alabama RTA	X		15 min
2 Alaska	X	>5000 monthly	?
3 APS	X		60 Min on peak hours
3 Black Hills SD	X		15 min
4 Black Hills WY	X		15 min
		(only available to electric heat/but still optional)	
5 City of Ft. Colling	X		?
6 City of Kinston	X		15 min on peak hours
		(only available to electric heat or > 150,000 kWhs but still optional)	
7 City of Longmont	X		15 min
8 Dakota Electric Association	X		15 min
9 Dominion NC	X		30 min - on peak hours
10 Dominion Va	X		30 min - on peak hours
11 Duke energy NC	X		30 min - on peak months
12 Duke energy SC	X		30 min - on peak months
13 City of Ft. Morgan	X		?
14 Georgia Power	X		30
15 Midwest energy	X		
16 Otter Tail MN	X		Highest winter (hour)
17 Otter Tail ND	X		Highest winter (hour)
18 Otter Tail SD	X		Highest winter (hour)
20 Salt river project		Cogen customer > 1800 kWhs in two months or > 8 kW	30 min - on peak months
21 Swanton Village Electric			85% ratchet
22 Xcel (colorado)	X		15
		Peak demand management	
23 Westar (kansas)	X		30

3 **Q: Please describe PUD's position regarding Bonbright's principle regarding fairness**
 4 **and avoiding undue discrimination. In what way would OG&E's rate design**
 5 **unfairly impact different types of residential customers?**

6 **A:** These principles refer to treating similarly situated customers in a similar manner. The
 7 impact on residential customers will vary considerably across customers, as the
 8 Company's proposed rate design has a much larger impact on customers who use less
 9 energy. As shown in Figure 3, the Company's proposed residential rate structure would

1 impact the lowest usage half of residential customers, with bill increases of between 34
 2 and 7.4 percent. While higher usage half of the customers would receive less of an
 3 increase and the customers with the highest usage would experience rate decrease.
 4 Figure 3 was provided by OG&E in response to a data request (AG 1-2 Supplement 3)
 5 and clearly displays the shift of cost recovery to small use customers.

Figure 3. OG&E Proposed Residential Rate Impacts

Standard Residential							
kWh Group	Customer Count	Range (Annual Energy kWh)	kWh	Average kWh	Monthly	Revenue Change Percentage	Revenue Change /Customer/Month
1	41,214	Less than 5,218 kWh	132,114,493	3,206	267	34.08%	\$ 12.96
2	41,233	Between 5,218 kWh and 7,209 kWh	258,970,619	6,281	523	18.69%	\$ 11.62
3	41,219	Between 7,209 kWh and 8,752 kWh	329,527,839	7,995	666	13.21%	\$ 9.94
4	41,227	Between 8,752 kWh and 10,224 kWh	391,239,932	9,490	791	9.85%	\$ 8.49
5	41,225	Between 10,224 kWh and 11,747 kWh	452,361,497	10,973	914	7.41%	\$ 7.15
6	41,215	Between 11,747 kWh and 13,455 kWh	518,431,284	12,579	1,048	5.63%	\$ 6.04
7	41,231	Between 13,455 kWh and 15,593 kWh	597,106,692	14,482	1,207	4.07%	\$ 4.87
8	41,233	Between 15,593 kWh and 18,546 kWh	699,802,103	16,972	1,414	2.78%	\$ 3.78
9	41,226	Between 18,546 kWh and 23,598 kWh	856,793,941	20,783	1,732	1.80%	\$ 2.86
10	41,229	Greater than 23,598 kWh	1,334,638,429	32,371	2,698	-2.03%	\$ (4.72)
Total	412,252		5,570,986,829	13,514		-5.66%	\$ 6.30

6 **Q: Does the Company's proposal to use unit costs to unbundle its rates and develop**
 7 **charges match the fairness principle?**

8 **A:** No, as stated previously, PUD questions whether the unit costs developed in this Cause
 9 were appropriately updated to reflect the increased investment in distribution plant.
 10 Without an accurate split between customer/demand classifications of costs, the customer
 11 charge and demand charges developed using those numbers are also suspect.

1 **Q: Does PUD agree that small users are being subsidized by larger users⁶?**

2 **A:** No. OG&E has not proven that small users, or customers with an average consumption
3 below the class average, are being subsidized. Simply claiming that small customers do
4 not pay as much as large users is not proof of a subsidy⁷. OG&E made a similar claim in
5 Cause No. PUD 201500274 in which it claimed that Distributed Generation “DG”
6 customers were being subsidized by other residential customers. In this Cause, OG&E
7 has included DG customers as a separate class in its updated COSS, assigning costs to
8 just those customers based on their use of the system. This updated COSS shows,
9 contrary to what the Company stated in Cause No. PUD 201500274, shows no subsidy
10 for the majority of the DG customers. In fact the Company’s current analysis shows the
11 opposite, that the DG customers are currently subsidizing other customers⁸.

12 PUD questions that OG&E is also in this Cause making an assumption that they
13 have yet to prove. PUD recommends OG&E provide information about small users, to
14 consider them as a separate class or separately from their class and compare their
15 contribution to system costs. Also, PUD recommends the Company should consider if,
16 because of the locational density of the small user (apartment dwellers, duplexes, etc.), is
17 it is appropriate to assign average costs to those customers when, as a class, they may
18 require fewer lines, poles, transformers to serve them than other standard residential
19 customers (single home customers).

20 Without further study or proof, PUD believes OG&E would be violating the
21 standard of fairness by implementing the proposed three-part rates at this time.

⁶ Direct Testimony Cause No. PUD 201500273, Dr. Ahmad Faruqui, Page 4, lines 10-13.

⁷ Direct Testimony Cause No. PUD 201500273, Dr. Ahmad Faruqui, Page 12, lines 1-12.

⁸ The COSS filed by the Company shows a relative rate of return of 123% for DG customers.

1 **Q: Please describe how Bonbright defines the principle related to efficiency.**

2 **A:** Bonbright defines the principle of efficiency as discouraging wasteful use of service and
3 also as reflecting present and future costs of electricity.

4 **Q: Please explain how rates are designed to include efficiency.**

5 **A:** Bonbright's efficiency principles supports the design of rates that send price signals,
6 discourage wasteful of electricity, and encourage customers to pursue cost-effective
7 energy efficiency.

8 **Q: Does OG&E's proposed increase to the fixed charge and the addition of a demand**
9 **charge provide price signals to customers?**

10 **A:** No. While OG&E still includes an energy charge as a component of its proposed rate
11 design, overall OG&E's proposal provides a much weaker signal regarding the efficient
12 use of energy. More than doubling the fixed portion of a bill provides customers no
13 control over that portion of their bill, as they will have to pay the fixed portion of the bill
14 regardless of how much electricity they consume. The added demand charge likewise,
15 moves the recovery into a charge that in spite of their actions to reduce consumption will
16 be less effective and may result in an additional increase in their bill.

17 **Q: What impact would OG&E's rate design proposal have on customer incentives to**
18 **use electricity more efficiently or participate in Demand Programs?**

1 **A:** The increase in the fixed cost recovery (customer and demand charges) also results in a
2 decrease to the energy charges. The energy charge provides the incentive for a customer
3 to reduce consumption and to use electricity more efficiently. The proposed increase in
4 fixed costs makes the customer efforts to reduce their electricity bill by lowering their
5 energy consumption less effective. The weakened price signal, through the proposed
6 diminished energy charge, is likely to fail to encourage customers to reduce their
7 consumption because their actions will not result in a sufficient decrease in their bill.
8 Because so much of the proposed bill will now be recovered through fixed, unavoidable
9 charges, a customer's actions to reduce consumption will provide less of a reward and
10 may not be sufficient to induce a reduction in consumption.

11 **Q:** **Does PUD have other questions about the negative impact the increased fixed cost**
12 **recovery could have on customers related to energy efficiency?**

13 **A:** Yes. In addition to the potential to increase overall consumption of energy because the
14 signal to reduce consumption is diminished, PUD also questions the payback on
15 investments in energy efficiency measure already made by consumers. Reducing the
16 energy charge and moving costs into the fixed components charges extends the potential
17 payback period for energy efficiency investments. For example, if a customer installed a
18 more efficient air conditioner that had an added cost of \$500 over a standard air
19 conditioner. The customer would calculate the payback by taking the energy savings
20 he/she would achieve with the higher efficient unit times the costs he/she would be
21 avoiding. If the customer would save 1,000 kWhs annually and the current rate has an
22 energy charge of \$.10 the annual savings would be \$100. It would take the customer

1 roughly five (5) years to see a payback on the investment of that efficiency choice. If the
2 energy charge were reduced to \$.05 per kWh it would now take the customer 10 years or
3 twice as long to see any payback on that investment. A consumer might choose not to
4 make that investment or might require a higher incentive from the utility to help lower
5 their payback.

6 While the change in the energy charge changes the payback for any existing
7 customer investment it also makes it much harder to attract new customers to make that
8 investment. OG&E has not provided any analysis to show the impact of its proposed rate
9 design on its existing Demand Programs to determine whether the reduced energy charge
10 would have a detrimental impact on customer participation or might require an increase
11 in its budget to achieve the same level of savings.

12 **Q: Are there other consequences of a lower energy charge and weakened efficiency**
13 **signal?**

14 **A:** Yes. Increased consumption, through a diminished price signal, could result in the need
15 for new investment in additional generation, transmission, and distribution capacity, and
16 increase costs to all consumers.

17 **Q: Other than the questions related to the Bonbright principles mentioned in this**
18 **testimony, does PUD question any other specific areas related to OG&E's proposed**
19 **rate design change?**

20 **A:** Yes. PUD also questions the demand interval proposed by OG&E. As shown in the
21 comparison of other utility offerings in Figure 1 of this testimony, the demand interval

1 varies from 15 minutes to one (1) hour. A shorter demand interval, while matching the
2 demand interval for larger commercial customers, is much harder for a consumer to
3 control. While larger customers are able to utilize control equipment to manage the
4 coincidence of their demand, residential and small commercial customers have no
5 experience managing their coincidence of demand usage. Although customers are
6 currently educated about their consumption, what time or what season they use energy;
7 they have not been provided information about managing the use of appliances
8 simultaneously. This problem is exacerbated with shorter demand interval making it
9 much harder to identify and control.

10 **Q: What is the impact of using a demand interval that customers cannot control?**

11 **A:** The result of using a demand interval that customers cannot control is considered
12 punitive and leads to high monthly demand charges to customers and potentially an over
13 collection of demand charge revenues to the utility. Again, the Company has not
14 provided any studies or information to prove that customers can respond to demand
15 charges or what education or time period is needed to ensure that customers can be
16 successful on this rate.

17 **Q: Has OG&E tested consumer reaction to its proposed demand charge rate changes?**

18 **A:** No. As discussed in the testimony of Bryan Scott⁹, OG&E has tested many options:
19 Time of use rates, variable peak rates and flat bills but it did not include for customer
20 review its proposed three-part rate. OG&E did include, as a choice, the standard rate, but

⁹ Direct Testimony Cause No. PUD 201500273, Bryan Scott, Pages 6 – 9.

1 the standard rate included in the customer survey was the existing two-part rate. OG&E
2 has no survey information on customer's perceptions or preference for the three-part rate.
3 PUD recommends that OG&E include the three-part rate in its next customer survey.
4

5 **Q: Does OG&E's proposed three-part rate raise other questions?**

6 **A:** Yes. PUD questions the benefit of implementing this rate. While the proposed rate
7 structure will provide a more stable recovery for the Company, OG&E has not proven
8 that the existing two-part rates do not provide adequate or predictable recovery and are
9 harmful to the utility. The timing of its base rate reviews would indicate just the opposite,
10 the Company has been provided adequate recovery or they would have made more
11 frequent filings. Without a proof of financial harm, there is not a compelling reason to
12 move forward with a dramatic rate design change that, as discussed earlier in this
13 testimony, has been proven harmful to many of OG&E's customers.

14 PUD also questions whether the successful implementation of this rate would
15 cause less investment to be made in distribution equipment. The historic distribution
16 costs the demand charge is based on are sunk costs. The demand charge does not provide
17 a signal that will result in actions by the Company. If customers respond to the demand
18 charge and reduce their overall demand the Company will recovery less money and it is
19 not likely to pull out and replace the poles, lines, or transformers. The proposed demand
20 charge will not provide the Company with an indication of what distribution equipment
21 will be needed in the future. It is merely designed to collect the historic investment in
22 one component of plant.

1 However, moving so much of the current cost recovery into fixed or high demand
2 charges diminishes the overall signal sent to customers to reduce consumption. Without
3 a strong signal to reduce or conserve, the utility is likely to see increases in overall
4 consumption and increases in production or transmission costs to serve customers.
5 OG&E is a bundled utility and one advantage to being a bundled utility is that cost
6 recovery can also be bundled and used to achieve the desired signals.

7 The final reason the company has cited as to why they have proposed the change
8 in rate structure is because it now has new equipment, Smart Meters, installed and it now
9 has the ability to implement a new charge¹⁰. PUD does not find that having smart meters
10 and the ability to create a new charge, is a compelling reason to do so.

11 **Q: Please summarize PUD's position on OG&E's proposed three-part rates for**
12 **residential and small commercial customers.**

13 **A:** PUD recommends that the Commission reject OG&E's proposed demand charges.
14 OG&E has essentially proposed a mandatory experiment by implementing the demand
15 charges in this manner and an experiment that is without any utility precedent in the US.

16 OG&E, by making this change mandatory, is using a "fail or succeed"
17 philosophy, forcing all residential and small commercial customers into a new rate
18 structure. PUD questions whether this approach represents a fair, just and reasonable
19 approach. It is not reasonable to assign a new category of cost recovery, the demand
20 charge, with no warning, education, or prior information. It is not fair or just to propose
21 a structure in which many customers are likely to fail because they are not able to

¹⁰ Direct Testimony Cause No. PUD 201500273, Dr. Ahmad Faruqui, Page 4, lines 10-19.

1 respond or will see an increase in rates for service that has not changed; likewise it is not
2 fair or just to have customers succeed who have made no change in behavior or have
3 even for increased their consumption

4 Further, PUD recommends that if OG&E were to consider demand charges again,
5 it should do so in a manner more controlled, and follow the pilot process used for other
6 rate design changes. Using a pilot approach will allow the implementation of demand
7 charges to occur in a known, measurable, way with manageable actions identified for
8 customers to be successful with the proposed rate. In addition to an overall education
9 campaign, which will provide and identify the information needed for customers to
10 understand demand charges, OG&E should also consider in its pilot:

- 11 • Subset of existing rates – this could either be in establishment of a separate class
12 (small users) or by establishing tiers of demand charges (lower demand charges
13 for small customers)
- 14 • Interval of demands – is 15 minute demand the best demand for
15 residential/commercial customers to respond? Should the Company use a season
16 demand? How are price signals best maintained with a new rate structure?
- 17 • What is impact of demand charges on energy efficiency? How do these changes
18 affect the performance of the Demand Portfolios? What changes might be needed
19 to customer incentives and how does that impact cost effectiveness of DPs?

20 After evaluation of the three-part (Demand charge) rate pilot addressing the
21 concerns raised by PUD, OG&E should incorporate the changes identified and make an
22 appropriate rate change, or a no change proposal, based on its findings.

23 **Q: Does PUD agree with any of the proposed rate design changes?**

24 **A:** Yes. PUD does not oppose the elimination of the shoulder seasons for the R-1 tariff.
25 OG&E has proposed elimination of the shoulder months which results in the summer
26 season definition as the months of June through October and winter as November through

1 May. This is consistent with the definition for all other tariffs and PUD agrees with this
2 change.

PUD'S RATE DESIGN

3 **Q: Is PUD proposing a major change to the rate structure in this filing?**

4 **A:** No. As stated previously in this testimony PUD recommends no major changes to the
5 rate structures currently in place for OG&E customers. PUD does agree with and
6 recommends elimination of the shoulder months for the Standard R-1 rate, as proposed
7 by OG&E and inclusion of those months in the winter/summer months.

8 **Q: Does PUD recommend changes to the proposed rate design?**

9 **A:** Yes. PUD proposes minor changes to the residential and small commercial classes and
10 no structural changes to the remaining classes. PUD proposes an increase to the
11 customer charge for residential customers of \$7, which moves the customer charge to \$20
12 per month. This increase represents a movement toward full recovery of the customer
13 component of the unit costs within the customer charge. However, as provided by PUD
14 witness Jeremy Schwartz, PUD questions the out-dated minimum system study from
15 which the unit costs are derived. Given the reliance on an old study to support OG&E's
16 COS analysis and also in the interest of minimizing impacts within customer classes,
17 PUD recommends this increase as a more gradual approach to modifying the customer
18 charge.

19 PUD also proposes a similar increase to the following, General Service customers
20 increase the customer charge by \$12 to \$36.70; Public Schools non-demand increase the

1 customer charge by \$15 to \$32; Public Schools demand increase from \$70 to \$75; Oil
2 and Gas Producers SL 2-SL5 increase from \$22.95 to \$35; and Municipal Pumping
3 increase from \$23.80 to \$36.

4 PUD's proposed increase in the customer charges will result in a decrease in the
5 energy charges in order to collect the full revenue requirement resulting from this Cause.

6 **Q: What are the customer impacts under PUD's proposed rate design?**

7 **A:** While the increase in the customer charge will vary the impacts within the customer
8 classes, PUD's recommended increase by customer class is reflected in Figure 5 on Page
9 10 of Mr. Schwartz's testimony.

OTHER ASSIGNED AREAS

Riders

10 **Q: What has OG&E proposed for the riders in this case?**

11 **A:** OG&E has proposed the elimination of six (6) of its twelve (12) existing riders. As
12 provided in the testimony of Mr. Rowlett and included in the following table, the six
13 riders are being eliminated are as follows:

Figure 4. Rider Elimination

Table 4 - Rider Elimination

Riders	Proposed
System Hardening Program Rider ("SHPR")	Eliminated
Security Rider ("SR")	Eliminated
SmartGrid Rider ("SGR")	Eliminated
Crossroads Rider ("CR")	Eliminated
Southwest Power Pool Transmission System Additions ("STSA")	Eliminated
Renewable Transmission System Additions ("RTSA")	Eliminated

1 **Q: Why has OG&E proposed elimination of these riders?**

2 **A:** According to Mr. Rowlett¹¹, the riders are no longer needed as the costs for most of the
3 riders, except for the RTSA rider, are being included as a part of base rates. OG&E
4 witness Gwin Cash¹² also cites OG&E's goal is to reduce and simplify its riders. While
5 the costs for the RTSA are not being recovered through base rates, OG&E has proposed
6 recovery of those costs in other riders and/or through fuel cost recovery.

7 **Q: What riders has OG&E proposed to continue?**

8 **A:** OG&E has proposed continuation of the following riders:

Riders, not rolling into base rates or FCA

Military Base Tariff Credit (MBTC)
Storm Cost Recovery Rider (SCRR)
Southwest Power Pool Cost Tracker (SPPCT)
Demand Program Rider
Green Power Wind Rider (GPWR)
Annual PUD Assessment Fee (APUAF)

9 **Q: What is PUD's recommendation regarding riders in this case?**

10 **A:** PUD agrees with OG&E's goal of reducing the number of riders. PUD recommends that
11 the use of riders should be limited in number and scope and that a standard set of criteria
12 be used to evaluate the approval and continuation of riders. PUD recommends the
13 following criteria be used to review existing riders or when evaluating future rider
14 requests:

- 15
- 16 • Are costs substantial and recurring – relative to overall costs?
 - 17 • Are costs volatile and unpredictable?
 - Are the costs outside utilities control?

¹¹ Testimony of Donald Rowlett, Page 25, Lines 8-12

¹² Testimony of Gwin Cash, Page 15, Lines 30-31

1 **Q: Do OG&E's remaining riders meet these criteria?**

2 **A:** Yes. As discussed above, OG&E has proposed continuation of its SCRR, which recovers
3 storm costs. Storm costs can be substantial, are largely unpredictable, and they are
4 outside of the utilities control. Therefore, PUD agrees that this rider should remain.
5 Likewise, OG&E has asked for continuation of the SPPCT which recovers the cost of the
6 Southwest Power Pool Costs. While the SPPCT costs are somewhat under the control of
7 the Company because of OG&E's participation in SPP, the costs can also be substantial.
8 While PUD recommends continuation of this rider and inclusion of certain costs formerly
9 recovered through the RTSA rider, PUD recommends the modification to this rider as
10 proposed by PUD witness Jason Chaplin.¹³

11 The DPR recovers the costs of the Demand Programs whose costs are approved
12 and trued-up under specific Commission rules (OAC 165:35:41) and include components
13 that are evaluated annually based upon performance. While the costs are not
14 unpredictable or outside of the utilities control because of the annual evaluations and
15 performance review performed for this rider, PUD also recommends that this rider be
16 continued. For the MBTC, GPWR, and the APUDAF, these riders are for recovery of
17 required fees or approved credits or are based on voluntary customer enrollment. PUD
18 recommends continuation of these riders.

Pay-As-You-Go

19 **Q: Please describe the Pay-as-you-go ("PayGo") option proposed by OG&E.**

20 **A:** OG&E's PayGo option is a payment option available on a voluntary basis to residential
21 customers who may not be able to provide a security deposit or who would prefer to

¹³ Direct Testimony Cause No. PUD 201500273, Jason Chaplin, Page 15 lines 20-22.

1 make more frequent, smaller, payments instead of one monthly payment. Customers
2 who chose the pre-pay option may be billed on any of OG&E's approved tariffs as the
3 monthly charges will be prorated and charged on a daily basis¹⁴.

4 **Q: How will customers be notified about this additional payment option?**

5 **A:** As detailed in response to Data Request AG 12- 14:

6 The Company plans a multi-channel approach to educating customers about
7 the availability of the prepaid service. When the program is launched, all
8 customers will be informed using OG&E's Currents, the monthly customer
9 education bill insert. The Company also plans to provide program information
10 when customers are starting new service online, with a customer service
11 representative and on its IVR system. Social media platforms Facebook and
12 Twitter will be used to expand customer contact and education about the Pay-
13 as-you-go program. The Company may also use other communications
14 channels.

15 **Q: What are the conditions for participation in the PayGo option?**

16 **A:** In order to initiate service, a minimum payment of \$25 is required. The minimum
17 payment to maintain service is \$5. In the event of a disconnection, a customer must bring
18 his/her account to at least a \$25 credit balance to restore service¹⁵. Customers that
19 currently have deposits and convert to prepaid service would have the existing deposit
20 first credited to any outstanding balance with the Company and the remaining deposit
21 amounts if any are applied to the customer's pre-pay account.

22 **Q: What is the process for a PayGo customer to return to standard tariff billing (once**
23 **monthly)?**

¹⁴ DR response AG 12-5

¹⁵ DR response AG 12-8

1 **A:** A PayGo customer would be qualified to receive normal tariff service without posting a
2 deposit, as long as the customer has continuously been on prepaid service for the previous
3 six (6) months. If the customer were utilizing the prepaid service for less than six (6)
4 months, any deposit would be calculated based on standard deposit requirements.

5 **Q: What are the payment methods a PayGo customer can use to make their**
6 **payments?**

7 **A:** The Company is proposing that a prepaid service customer can use the same methods to
8 pay as non-prepaid customers. The Company is also considering allowing two-way text
9 payments for prepaid service customers¹⁶.

10 **Q: How will a customer be informed of their remaining balances?**

11 **A:** The Company plans to keep customers informed of their remaining balance through
12 multiple communication methods. As proposed by OG&E, customers will be able to
13 log into oge.com at any time to see their balance; they can check using an automated
14 phone line; through opting in to outbound notifications of their daily balance through
15 text messages, emails or automated phone calls. The customer may also be able to send
16 a text at any time to request their balance amount through text and a customer may call and
17 speak to a customer service representative¹⁷.

18 **Q: What is the process for disconnection of service using the PayGo option?**

¹⁶ Data Request AG 12-9

¹⁷ Data Request AG 12-10

1 A: The Company will inform customers of an impending disconnect by providing
2 information through multiple methods. Customers should also have the ability to opt
3 into notifications of impending disconnects through text messages, emails, or automated
4 phone calls. Customers will be able to log into oge.com at any time to see information
5 about impending disconnects or a customer may call and speak to a customer service
6 representative.

7 **Q: What is the process for reconnecting service if a PayGo customer is disconnected?**

8 A: To reconnect service, the PayGo customer simply pays a new prepayment amount as
9 discussed previously. The system will recognize a payment has been received, and will
10 issue the reconnect automatically regardless of when the payment is made, even if the
11 payment is made outside of normal business hours.

12 **Q: Does PUD recommend approval of OG&E's proposed PayGo Option?**

13 A: Yes. PUD agrees that the PayGo payment option presents another good choice for
14 customers. However, PUD recommends that OG&E include more information about
15 the PayGo option in Section 220 of the tariff manual, including the conditions for
16 participation, communication about balances, and process for returning to standard
17 billing.

SmartGrid Opt Out

18 **Q: What is the Company proposing regarding SmartGrid opt out?**

1 A: The Company has proposed two (2) options for those customers who would prefer not
 2 to have a communicating or smart meter installed on their premises. As explained in
 3 the testimony of Company witness Don Rowlett¹⁸ the options allow customers to choose
 4 between having the communicating meter replaced by a non-communicating digital
 5 meter or by having the communicating meter partially disabled so that the meter does
 6 not transmit customer usage data. The second option allows for some of the smart
 7 features, including alarms or alerts related to outage restoration and the ability to
 8 remotely reconnect.

9 According to Mr. Rowlett¹⁹, both options require customers to be billed on the
 10 average payment plan so that bills can be estimated with manual readings occurring
 11 quarterly. Limiting the number of manual readings also lowers the monthly charge for
 12 participation in this option. The following information was provided by Mr. Rowlett to
 13 highlight the costs and resulting charges for the Opt Out options.

Figure 5. Cost Summary of Smart Meter Opt-Out

Cost Category	Option 1	Option 2
New Non-Communicating Meter Cost	\$ 43	\$ 0
Old Smart Meter Restocking Fee	\$ 37	\$ 0
Credit for Old Smart Meter	\$ (120)	\$ 0
Installation/Removal Cost	\$ 71	\$ 0
Software and Accounting Charges	\$ 84	\$ 84
Total One-Time Cost Per Customer	\$ 115	\$ 84
Monthly Charge	\$ 15.66	\$ 15.66

14 Q: **Did PUD review other utility's fees for Smart Meter opt out options?**

¹⁸ Testimony of Donald Rowlett, Pages 23-25

¹⁹ Direct Testimony, Don Rowlett, Pages 23-25.

1 **A:** Yes. PUD reviewed information provided in Cause No. PUD 201500109, provided by
 2 the Attorney General's office, that contained a list of current Opt Out fees. As shown in
 3 a summary developed from that paper, PUD finds that OG&E's proposed opt out fees to
 4 be in the mid-range of the tariffs reviewed.

Figure 6. Cause No. PUD 201500109 Opt Out Fees

Cause No. PUD 201500109		AG 1st Q4	
	One time	On-going	
Central Maine	\$40	\$12	electro-mechanical
	\$20	\$10.50	smart meter/non-transmit
Portland General	\$254	\$51	non-network
PG&E	\$75	\$10	analog
NV	\$110-\$280 \$.90-\$13.30		
PSO	\$183-261	\$28	non-ami

*The Opt-Out Challenge; Jeff Evans, Executive Consultant, Black and Veatch
 March/April 2012 Issue of Electric Light & Power

5 **Q: What is PUD's recommendation regarding the Company's proposed Smart Meter**
 6 **opt out options?**

7 **A:** PUD recommends approval of the proposed Smart Meter opt-out options as proposed by
 8 the Company. PUD believes that this proposal balances the desire of certain customers
 9 to have a choice about the meter installed at their premise and the need of the Company
 10 to cost effectively collect usage data for billing. PUD believes that the Company has
 11 sought ways to lower both the initial and monthly costs to participate in this option.
 12 PUD also believes that the Company has sought to recognize that customer needs may
 13 vary within the group of customers wanting an opt-out option, from those who want no
 14 communicating meter ability to those who would prefer only a limited number of
 15 communications.

Miscellaneous Charges

1 **Q: What has OG&E proposed regarding its Miscellaneous fees?**

2 **A:** OG&E has proposed a change to the Service Initiation Fee (“SIF”), Reconnect Fee and
3 the Meter Test Fee. The SIF is currently \$25 per event, which OG&E proposed to
4 reduce it to \$22.50 per event. The reconnect fee is currently \$35 per event and OG&E
5 proposed to reduce it to \$26 per event. The Meter Test Fee is currently \$50 per test and
6 OG&E proposed to increase it to \$95.

7 **Q: Does PUD agree with the proposed change in fees?**

8 **A:** While PUD agrees with the idea that the charges should cover the costs to perform those
9 functions, PUD is also concerned with the customers that are affected by those fees.
10 Customers affected by those fees may find them punitive or less affordable at a time
11 when they are struggling to pay for basic service.

12 PUD is also questioning whether the promised benefits of the switch to the use of
13 smart meters, the lowering of costs because of more automation, may not be reflected in
14 the proposed charges. In calculating the SIF and the Reconnect Fees, OG&E has
15 included Customer Service and Call Center costs that would otherwise be included with
16 other Customer service costs shared among all customers. OG&E pulled these costs in
17 an effort to assign the cost recovery to the cost causers. While one goal of cost recovery
18 is to match recovery to those that cause it, another goal is to fairly recover costs. By
19 maintaining higher SIF and Reconnect fees, OG&E is assigning costs to those who may
20 already be financially challenged. Instead, PUD would propose a lower charge which
21 would exclude these shared costs – resulting in recovery from all customers including

1 those paying the SIF and Reconnect fees. The effect of removing those costs would
2 lower the SIF fee from \$22.50 to \$14 per event and the Reconnect Fee from the proposed
3 \$26 to \$18.

4 Similarly, the proposed change in the Company's Meter Test Fee essentially
5 doubles the previous fee and may make it unaffordable for those requesting this service.
6 As noted by OG&E the instances of requested meter tests were relatively low (33) were
7 requested in the test year resulting in a likewise small total fee recovery. Because of the
8 impact on those requesting the service and the few instances of requested testing, PUD
9 recommends that there be no change in the Meter Test Fee.

Distributed Generation Tariffs

10 **Q: Please summarize information and recommendations related to the Distributed**
11 **Generation ("DG") tariffs proposed in this Cause?**

12 **A:** As recommended by PUD and other parties in Cause No. PUD 201500274, OG&E has
13 updated the COSS and supporting information to allow inclusion and review of the DG
14 customers as a unique and separate subclass in this Cause.

15 **Q: What was the result of the COS review of the DG customers?**

16 **A:** As shown in Schedule L-1 of the Company's submitted COSS, Residential DG customers
17 are providing a return in excess of their costs. This is a stark comparison to the alleged
18 subsidy claimed by OG&E in Cause No. PUD 201500274. In that Cause OG&E stated
19 that DG customers were being subsidized by other customers and proposed a mandatory
20 TOU rate with a demand charge (KW) tariff for those customers. OG&E stated that

1 because DG customers did not pay the same, in essence, they were avoiding paying all of
2 the cost to serve them, and they should have more fixed charges and a demand charge
3 included to prevent revenue loss.

4 In fact, OG&E was incorrect about both the costs needed to serve the DG
5 customers and their contribution to recover those costs. The COSS shows that DG
6 customers cost less to serve their load shape and shows that DG customers, through a
7 combination of load management and load additions (from their renewable generation),
8 avoid peaks and cause less costs to be allocated to them.

9 This new information proves that DG customers provided benefit to their class
10 when included as a member of the overall residential class while lowering the overall
11 contribution to peak. It also shows, as a separate class, their assigned costs result in the
12 need for less contribution or lower charges to recover the cost to serve them.

13 **Q: Does PUD agree with the proposed DG tariffs in this Cause?**

14 **A:** No, PUD does not agree with the mandatory TOU kW tariff proposed by OG&E. OG&E
15 has not proven that a different rate structure is needed for DG customers and PUD
16 questions whether by mandating a different rate structure OG&E may be in violation of
17 17 O.S. § 156 that states:

18 B. No retail electric supplier shall increase rates charged or enforce
19 a surcharge above that required to recover the full costs
20 necessary to serve customers who install distributed generation
21 on the customer side of the meter after the effective date of this
22 act.

23 C. No retail electric supplier shall allow customers with distributed
24 generation installed after the effective date of this act to be
25 subsidized by customers in the same class of service who do
26 not have distributed generation.

1 With respect to Subsection B, PUD has reviewed the proposed tariff and, similar
2 to the previous testimony provided concerning the demand charge proposed for all
3 residential customers and small commercial customers, PUD questions whether DG
4 customers may pay more than the costs to serve them. PUD is especially concerned that
5 the proposed demand charges will result in an over-collection of costs because customers
6 with a lack of education or ability to control when their monthly maximum demand may
7 occur, will have higher demands than projected by OG&E. As stated in Subsection B,
8 this could result in recovery of costs in excess of the costs to serve these customers.

9 With regard to Subsection C, OG&E's COSS has provided information that
10 proves that DG customers are not subsidized by other customers. Without a proven
11 subsidy there is no compliance issue with 17 O.S. § 156 that would require a separate, or
12 different, charge for the DG customers.

13 Given these facts, PUD recommends that DG customers use the R-TOU rate or
14 that they be given the option of using the TOU-kW rate. Similar to the pilot
15 recommendation for the three-part rate, allowing customers to choose the TOU-kW rate
16 would provide OG&E with additional information with which to evaluate customers'
17 ability to perform under that structure.

18 **Q: Does PUD have other concerns with OG&E's proposed DG tariffs?**

19 **A:** Yes. While the COSS shows that residential DG customers are not being subsidized,
20 OG&E still has not provided information to evaluate the benefits provided by the DG
21 customers. As recommended by PUD in Cause No. PUD 201500274, OG&E has not

1 provided a cost effectiveness test that would evaluate the DG resources in a manner
2 similar to the Company's Demand Programs.

3 The Demand Programs are evaluated using cost effectiveness tests that review all
4 costs to purchase and install those resources against all benefits of those resources over
5 the life of the resource. OG&E currently reviews the costs for DG but does not evaluate
6 the benefits provided to the system over the life of the DG resource. Had OG&E limited
7 consideration of the benefits of the Demand Programs to only the immediate benefit of
8 costs avoided in the first year, instead of considering the benefits provided over the life of
9 the measures installed, most, if not all of the Demand Programs would not be considered
10 cost-effective. Considering just the avoidance of immediate annual costs as OG&E
11 currently proposes likewise causes the DG resources to appear not to be cost-effective.

12 As an example, if a customer installs a new HVAC unit and OG&E considers
13 only the energy savings for one year, that HVAC unit's savings could not support any
14 incentive and would not be considered a cost effective measure. However, the HVAC
15 equipment is not reviewed using only one year's saving. Instead, the life of that HVAC
16 unit is considered, approximately 10 years, and the savings from each of those years is
17 included in the cost effectiveness evaluation. Including 10 years energy savings versus
18 including one year of energy savings makes a significant difference in determining the
19 cost effectiveness of the HVAC equipment.

20 Likewise, to exclude or deny an evaluation of the benefits, energy savings, over
21 the life of the DG resources also causes those resources to be cost ineffective or does not
22 represent the benefits those resources provide.

1 PUD recommends that OG&E use the information provided by the DG customers
2 in their contract and their load data to develop a cost effectiveness review of the DG
3 resources. This information should be provided before any additional changes or
4 modifications are proposed for the DG customers.

RECOMMENDATION

5 **Q: What are PUD's recommendations regarding the Application?**

6 **A:** PUD recommends the Commission approve the following:

- 7 1. Approval of the PayGo option – with additional language added to the terms and
8 conditions of service to further clarify and define participation terms as discussed in
9 this testimony.
- 10 2. Smart Meter opt out fees – PUD recommends approval of the fees proposed by the
11 Company for this option.
- 12 3. Elimination/continuation of Riders – agrees with Company's recommendation to
13 eliminate the System Hardening, SmartGrid, Security, Crossroads, SPP Transmission
14 System Additions, and the Renewable Transmission System Additions Riders and to
15 continue the Demand Program, Storm Cost Recovery, and the SPP Cost Tracker as
16 separate Riders.
- 17 4. Miscellaneous fees – PUD recommends modification to the SIF, Reconnect and the
18 Meter Test Fee as described in this testimony
- 19 5. DG tariffs – PUD recommends use of the TOU tariff for this class of customers, not
20 to include the demand charge proposed by the Company. PUD also recommends that
21 the Company conduct a cost-effectiveness review of the DG customer resources to
22 determine the benefit provided to the system through the estimated life of these
23 resources.
- 24 6. PUD's limited rate design changes - with moderate increases in the customer charges
25 for residential and commercial classes. PUD also recommends elimination of the
26 shoulder months for the R-1 class.
- 27 7. Approval of a pilot program for residential and commercial customers be developed
28 regarding three-part rates – to be used to evaluate customer acceptance, understanding
29 and performance under a three-part rate structure.

30 PUD believes these proposals are fair, just, and reasonable to both the Company and its
31 ratepayers.

I state under penalty of perjury under the laws of Oklahoma that the foregoing is true and correct.

Kathy Champion March 31, 2016 Oklahoma City, Oklahoma
(Signature)



Kathy Champion

Exhibit KJC-1

Contact	k.champion@occcemail.com Tel: 405-521-6878 Fax: 405-522-1157	580 Jim Thorpe Building P.O. Box 52000 Oklahoma City, OK 73152
Work Experience	<ul style="list-style-type: none"> ▶ Oklahoma Corporation Commission, Public Utility Division, Oklahoma City <i>July 2013 - present: Public Utility Regulatory Analyst, Energy Policy Group</i> <ul style="list-style-type: none"> • Special Focus – Oklahoma Corporation Commission Demand Programs, Energy Efficiency, Rulemakings • Expert Witness – recommendations and written and oral testimony • Analysis – Utilities service rates, terms and conditions ▶ Champion Energy Consulting, Tulsa <i>January 2012 – July 2013: Owner/President</i> <ul style="list-style-type: none"> • Provided rate, energy efficiency, and marketing consulting services to utilities and customers. • Developed Energy Education offering for school children ▶ Public Service Company of Oklahoma, Tulsa <i>April 2008 – November 2011: Manager Consumer Programs</i> <ul style="list-style-type: none"> • Managed the development and continued operation of PSO's energy efficiency and demand response programs, supervising a staff of five with budget of \$25 million • Budgeting, reporting • Issued and reviewed request-for-proposals, and contract development for third-party service providers • Provided Regulatory support, expert testimony and analysis for Energy Efficiency and Demand Response portfolio programs, budgets and recovery mechanisms. ▶ AEP Services Company, Tulsa <i>January 2000-March 2008: Principal Regulatory Consultant</i> <ul style="list-style-type: none"> • Supporting all of the AEP western utilities in Oklahoma, Arkansas, Louisiana, and Texas, provided rate and regulatory expertise before the various state regulatory agencies. • Provided analysis and testimony for a variety of studies and programs including, class cost-of-service studies, tariffs, revenue allocation, and price/revenue recovery issues. • Supported standard tariff offerings, as well as specialty rates and riders, including time-of-day, load reduction or interruptible rates, Energy Efficiency and Green Power offerings. • Represented the Company on a variety of rulemakings and policy proceedings before the state regulatory agencies and the SPP Market Working Group 	
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Professional Training	<ul style="list-style-type: none"> ▶ Arthur Anderson Rate Case Process - 1990 ▶ Building Performance Institute -- Building Analyst Training - 2012 ▶ LEED Green Associate Course - 2013 ▶ Principles of Evaluation, Measurement and Verification 2010 	

CERTIFICATE OF ELECTRONIC SERVICE

This is to certify that on March 31, 2016, a true and correct copy of the above and foregoing, was sent via electronic mail and/or United States Postal Service, postage fully prepaid thereon to the following interested parties:

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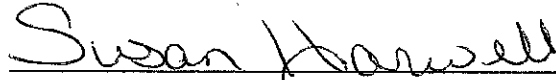
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