

BEFORE THE CORPORATION COMMISSION OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF )  
BRANDY L. WREATH, DIRECTOR OF THE )  
PUBLIC UTILITY DIVISION, FOR )  
DETERMINATION OF THE CALCULATION )  
OF LOST NET REVENUES AND SHARED )  
SAVINGS PURSUANT TO THE DEMAND )  
PROGRAM RIDER OF OKLAHOMA GAS )  
AND ELECTRIC COMPANY )

CAUSE NO. PUD 201500153

**FILED**  
APR 14 2015

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CORPORATION COMMISSION  
OF OKLAHOMA

APPLICATION

COMES NOW Brandy L. Wreath, Director of the Public Utility Division ("PUD") of the Oklahoma Corporation Commission ("OCC"), by and through the undersigned counsel and alleges and states as follows:

**ALLEGATIONS OF FACT**

1. On July 2, 2012, Oklahoma Gas and Electric Company ("OG&E") filed an Application in Cause No. PUD 201200134 seeking an order of the Commission approving OG&E's 2013 Demand Portfolio and authorizing recovery of the costs of the associated Demand Programs through the Demand Program Rider ("DPR"). OG&E filed an Amended Application on July 16, 2012.
2. OG&E proposed a program cycle of January 1, 2013 through December 31, 2015, and the Demand Portfolio was implemented in January 2013. The Demand Portfolio is comprised of the following ten (10) Demand Programs: 1) weatherization residential assistance program; 2) commercial lighting program; 3) home energy efficiency program; 4) positive energy-new home construction; 5) geothermal heating, cooling and water heating program; 6) commercial energy efficiency program; 7) education program; 8) industrial energy efficiency program; 9) SmartHours program; and 10) integrated volt var control program ("IVVC").

3. As reflected in Commission Order No. 605737, issued on December 20, 2012 and the Joint Stipulation and Settlement Agreement (“Stipulation”) attached thereto, the Stipulating Parties in Cause No. PUD 201200134 agreed that OG&E would recover 100 percent of the lost net revenues resulting from the success of the Demand Programs, less expenses that OG&E was not required to pay for the foregone sales. The Stipulation states that these lost net revenues were to be recovered through OG&E’s DPR and that PUD is to review and verify the lost net revenues, actual calculated shared savings and actual program costs in the Demand Portfolio true-up balance in the DPR. The Stipulation also states that OG&E would not recover any lost revenues associated with IVVC.

4. In March 2014, PUD undertook its review of OG&E’s claimed lost net revenues and shared savings for the 2013 program year. OG&E requests to recover approximately \$14.3 million in lost net revenues for their Demand Programs. OG&E requests approximately \$3.03 million for its Energy Efficiency programs and another estimated \$11.2 million in lost net revenues for its Demand Response SmartHours tariff programs. OG&E also requests \$3.3 million in shared savings from its Energy Efficiency Demand Programs.

5. For the Energy Efficiency programs, the Company filed projections of lost revenues and Shared Savings. Both lost revenues and shared savings are delayed in tariff recovery to allow those calculations to be on the actual performance of the programs. Providing an estimate of program performance does not follow the provisions of the tariff.

6. For Energy Efficiency programs, net kWh savings are to be used for both the lost revenue and shared savings calculations. PUD’s calculation of lost revenues using actual net kWh savings results in approximately \$2.4 million compared to the Company’s \$3.03 million. PUD’s calculation of shared savings results in approximately \$1.85 million compared to the Company’s

\$3.3 million. The total difference between PUD's calculation and that of the Company for the lost revenue and the shared savings was an estimate of \$2.05 million.

7. For the Demand Response SmartHours tariff programs, OG&E provided a revenue difference calculation deriving from a baseline set of revenues in support of its lost net revenues calculation. This calculation includes a projection of what OG&E customers would have paid had those customers remained on OG&E's standard tariff, less revenues actually derived from customer participation in OG&E's SmartHours program. The resulting difference between the projection and the actual SmartHours revenues is claimed by OG&E as lost net revenues.

8. PUD does not believe the calculation methodology used by OG&E for the Demand Response SmartHours programs comports with the calculation formula outlined in the DPR. Pursuant to the DPR, lost net revenues are to be calculated by multiplying the Demand Program savings by an embedded fixed cost factor.

9. OG&E's calculation of Demand Response SmartHours programs produces lost net revenues totaling approximately \$11.2 million. PUD's calculation results in lost net revenues of approximately \$4.9 million, a difference of approximately \$6.3 million.

10. PUD requests that the Commission issue an order determining the proper calculation of OG&E's lost net revenue and Shared Savings pursuant to the DPR.

## **II. LEGAL AUTHORITY**

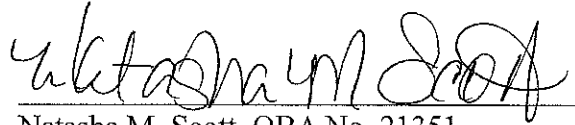
The Commission has jurisdiction in this matter pursuant to Article IX, Section 18 of the Constitution of the State of Oklahoma and Title 17 O.S. § 151 *et seq.*

## **III. RELIEF SOUGHT**

WHEREFORE premises considered, the Public Utility Division respectfully requests that the Commission issue an order determining the proper calculation methodology for lost net

revenue pursuant to the Demand Program Rider of Oklahoma Gas and Electric Company approved in Cause No. PUD 201200134.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Natasha M. Scott', written over a horizontal line.

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CERTIFICATE OF ELECTRONIC SERVICE

I, the undersigned, do hereby certify that on the 14<sup>th</sup> day of April 2015, a true and correct copy of the above and foregoing was sent electronically, addressed to the following:

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