

BEFORE THE ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE FORMULA)	
RATE PLAN FILINGS OF OKLAHOMA)	
GAS AND ELECTRIC COMPANY)	DOCKET NO. 18-046-FR
PURSUANT TO APSC DOCKET)	
NO. 16-052-U)	

Direct Testimony

of

Johnny Nguyen

on behalf of

Oklahoma Gas and Electric Company

1 Q. **Please state your name, position, by whom you are employed, and your business**
2 **address.**

3 A. My name is Johnny Nguyen. I am currently employed by Oklahoma Gas and Electric
4 Company (“OG&E” or “Company”) as Lead Pricing Analyst. My business address is 321
5 North Harvey, Oklahoma City, Oklahoma 73102.

6
7 Q. **Please summarize your professional qualifications and educational background.**

8 A. Since August 2021, I have worked for OG&E in the regulatory department, specializing in
9 retail electricity pricing, rate design, and tariffs. I work closely with the Company's pricing
10 team, overseeing the development and support of pricing structures, tariff charges, service
11 provisions, product platforms, pilot programs, and other retail electricity pricing strategies.
12 Our department gathers customer usage and revenue data, scrutinizes various cost details,
13 delves into regulated retail electricity pricing practices, and studies the impacts of OG&E's
14 pricing practices on customers. Before my tenure at OG&E, I spent 9 years as an
15 Engineering Analyst in the Oil and Gas sector. Academically, I hold a Bachelor of Science
16 in Mathematics and a Master's in Biostatistics from the University of Oklahoma. I also
17 earned a Master of Science in Engineering from Oklahoma Christian University.

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19 Q. **Have you previously testified before the Arkansas Public Service Commission (the**
20 **“APSC” or “Commission”)?**

21 A. No.

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

24 A. The purpose of my testimony is to discuss the revenue adjustments made by OG&E, which
25 breakdown into historical, filing, and projected periods. These adjustments comply with
26 the requirements found in the Company's Formula Rate Plan (“FRP”) tariff, Attachment
27 C.

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1 Q. **What is the purpose of the revenue adjustments discussed in this testimony?**

2 A. The revenue adjustments I sponsor remove revenues that are not associated with base rates.
3 In accordance with OG&E’s FRP,¹ revenues associated with riders which recover specific
4 costs, other rate mechanisms, or other accounting adjustments the Company may have in
5 place, are removed from booked revenues so that the remaining reflect only base rate
6 revenues. For example, revenue from the Energy Cost Recovery rider (“ECR”) which is
7 associated with fuel costs is removed from total Arkansas revenues as such revenues are
8 not included in Cost of Service Study (“COSS”) in AR, and are not part of base rate
9 revenues.

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11 **2019 EVALUATION REPORT COMPLIANCE**

12 Q. **Why does the 2023 Evaluation Report contain FY and PY revenue amounts?**

13 A. As a result of the Company’s settlement agreement² in the 2019 Evaluation Report, the
14 Company agreed to only make revenue changes based on a historical Evaluation Period.
15 The Company did not make any projections to rate base, expense, or capital amounts in its
16 2023 Evaluation Report, but did make adjustments to revenues for the Filing Year (“FY”)
17 and Projected Year (“PY”). This is required by the Company’s most recently approved
18 FRP Tariff that was approved in Docket No. 19-017-TF Order No. 3. The purpose of the
19 FY revenue adjustments is to determine the 4% cap constraint and the purpose of the PY
20 revenue adjustments is to be able to apply the revenue change percentage to an appropriate
21 future base revenue amount for when the 2023 FRP revenue change will be implemented.
22 Both the FY and PY revenue amounts can be seen on Attachment A-2 and in the
23 Company’s supporting workpapers.

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¹ FRP Tariff Attachment C, Section I. (A).

² Docket No. 18-046-FR Order No. 10.

HISTORICAL YEAR

Adjustments to Book

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3 Q. **Please describe the adjustments the Company is making to calculate Historical Year**
4 **(“HY”) base rate revenue.**

5 A. The Company made the adjustments found in Table 1 to the HY actual revenues to comply
6 with the FRP requirements. All these amounts come from the Company’s accounting
7 system and are unmodified.

Table 1. HY Adjustments

Schedule	Amount
Over/Under recovery rider balances	\$(2,285,241)
Unbilled Revenues	\$(200,000)
Energy Cost Recovery rider (“ECR”)	\$(111,348,823)
Energy Efficiency Cost Recovery rider (“EECR”)	\$(8,244,264)
Transmission Cost Recovery rider (“TCR”)	\$(8,158,497)
Tax Adjustment rider (“TA”)	\$(3)
Mustang Credit rider (“MCR”)	\$47
Environmental Compliance Plan (“ECP”)	\$(3)
Day Ahead Pricing (“DAP”) incremental and decremental energy only	\$(195,182)
Renewable Energy Credits (“REC”)	\$(111,438)

8 The combination of these adjustments results in a reduction of \$130,543,404 to the
9 Company’s total Arkansas book unadjusted HY revenues. The resulting total HY adjusted
10 Arkansas revenues are \$135,263,634. There is no FRP revenue adjustment in attachment
11 D-3 or D-6, line 12, as OG&E did not request a projected year increase in its 2020 FRP.
12 This is further discussed in the Direct Testimony of Company witness Zachary Quintero.
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PROJECTED YEAR

Difference from HY

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16 Q. **How did the Company calculate PY revenues?**

17 A. The adjustments made to HY revenues apply to the calculation of PY revenues. In addition,
18 OG&E also included adjustments for weather, removal of FRP revenues collected, and
19 customer growth. For the PY, the customer growth counts were updated to reflect a two-
20 year change between HY and PY.
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Weather Normalization and Customer Growth

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2 Q. **What was the Company’s approach regarding weather normalization?**

3 A. According to “Attachment C”, section II-a-1, of the FRP, the Company is to utilize the
4 “adjustments for customer growth and thirty-year weather normalized average usage and
5 average demands established from 16-052-U.” The Company has complied with this
6 requirement.

7 In accordance with the calculations established for weather and customer growth in
8 16-052-U, the Company utilized the compliance work papers from that case to incorporate
9 heating and cooling degree days for the period of 1991 through 2020. OG&E also updated
10 the customer count and kWh totals to reflect the updated five-year period from April 2017
11 to March 2022. These updates comply with the requirements in the Company’s FRP and
12 result in the adjustments proposed for each category.

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14 **Adjustments from Book to PY**

15 Q. **What are the total adjustments from book revenue included?**

16 A. The adjustments included in the Company’s PY revenue schedule are shown in Table 3.
17 The adjustments shown in the “Amount” column of Table 2 are total changes from HY
18 adjusted book revenues.

Table 2. PY Adjustments

Schedule	Amount
Weather Normalization	\$(296,524)
Customer Growth	\$151,288
FRP Revenues	\$(19,268,589)

19 The combination of these adjustments results in a decrease of \$19,413,825 to the
20 Company’s HY adjusted revenues. The resulting total PY adjusted Arkansas revenues are
21 \$115,849,809.

22 **4% CAP CALCULATION - FILING YEAR**

23 **Purpose of FY Calculation**

24 Q. **What is the purpose of the FY calculations?**

25 A. According to the Company’s FRP tariff, Attachment A-2 – Note 1, “The FRP Constraint
26 Calculation determines the limit of the FRP revenue increase/decrease per rate class, which
27 shall not exceed four percent (4%) of Total Unadjusted Annualized Filing Year (the year

1 in which the Evaluation Report is filed) revenues.” Therefore, the FY revenue is the basis
2 for calculating the 4% cap on revenue changes.

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4 **Adjustments to Revenue**

5 **Q. How does FY revenue compare to HY revenue?**

6 A. FY revenue is determined similar to the HY, with a few exceptions. First, FY begins with
7 HY revenues, but does not make an adjustment to remove rider revenues. Second, FY
8 revenues have been updated for actuals from April 2023 to June 2023 and incorporates
9 adjustments for weather normalization and customer growth. Third, FY revenue includes
10 an adjustment to reflect the expected revenues from the 2022 FRP factors that were put in
11 place in April 2023. It is important to reflect the projected recovery of 2022 FRP revenues
12 in order to accurately calculate the 2022 FRP 4% cap on revenue changes. Finally, to
13 reflect the Commission’s decision in Docket No. 15-034-U, Order No. 17, the Company
14 has removed the revenues associated with the ECP rider from the FY. These amounts are
15 found in Table 3.

Table 3. FY Adjustments³

Schedule	Amount
Over/Under	\$14,656,113
Unbilled Revenues	\$0
Weather Normalization	\$(283,334)
REC Removal	\$(154,276)
Customer Growth	\$145,010
Projected 2022 FRP Revenues	\$10,471,243
ECP	\$(3)

16 The combination of these adjustments results in an increase of \$24,834,753 to the
17 Company’s Arkansas per book unadjusted HY revenues. The resulting total FY adjusted
18 Arkansas revenues to be utilized in the calculation of the FRP cap are \$277,436,418.

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³ Please note, the FY adjustments for Over/Under, Unbilled Revenues, and REC Removal are not incremental to the adjustments made to determine the PY revenues.

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RATE CLASS IMPACTS

Q. What rate class allocation percentages is the Company utilizing in this Docket?

A. OG&E’s FRP rate class allocation percentages are based on the base rate revenues agreed upon in the Docket No. 16-052-U, the Company’s last general rate case. These percentages are shown in the Company’s FRP Attachment A-2 and are also summarized in Table 4.

Table 4. FRP Rate Class Allocation

	Total	Residential	General Service	Power and Light	Other
Base Rate Revenues: Docket No. 16-052-U	\$102,193,196	\$38,919,157	\$11,861,458	\$48,208,613	\$3,203,968
Rate Class Allocation		38.08%	11.61%	47.17%	3.14%

Q. Please list the rate class increases that result from this FRP filing.

A. As shown in the Company’s FRP Attachment A-1 and summarized in Table 5, the percent FRP rate increase impacts by class are as follows. The total cumulative impacts listed below are PY base rate increases, not total bill increases.

Table 5. FRP Rate Adjustment

Rate Class	FRP Rate (%)
Residential	30.0499%
General Service	32.8724%
Power and Light	32.7277%
Other*	27.6833%

*Other includes Municipal Water Pumping, Municipal Roadway and Area Lighting, Outdoor Security Lighting, Athletic Field Lighting, and the LED lighting rates

Q. How will OG&E’s Arkansas customers see the change to their bill resulting from this FRP implementation?

A. The amount recovered through the rider, which will be calculated in a line item on customer bills, is based on the base rate portion of individual bills multiplied by the applicable FRP percentage shown in Table 5. Based on the Company’s filing, the overall average impact to the residential class for the 2023 Evaluation Report is a monthly bill increase of 1.88% or \$2.58 per month per customer. Table 6 shows the class average rate impacts for Residential, General Service, Power and Light, and Other customers. As stated in the FRP

1 tariff⁴, the total amount of such revenue increase or decrease for each rate class shall not
2 exceed four percent (4%) of each rate class's revenue for the Filing Year.

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Table 6. 2022 Evaluation Report FRP Rate Adjustment Bill Impact

	Residential	General Service	Power and Light	Other
Average FRP Change (\$/month)	\$2.58	\$4.59	\$195.34	\$1.55
Percent Change of Total Bill	1.88%	1.84%	1.53%	2.75%

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RECOMMENDATION

5 Q. **What is your recommendation to the Commission?**

6 A. I recommend that the Commission approve the adjustments discussed in this testimony and
7 find that OG&E is in compliance with the requirements of the FRP regarding all revenue
8 adjustments.

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10 Q. **Does this conclude your Direct Testimony?**

11 A. Yes.

⁴ FRP Tariff Sheet No. 80.3, Section 80.5.4.

CERTIFICATE OF SERVICE

I, Lawrence E. Chisenhall, Jr., hereby state that a copy of the foregoing instrument was served on all the parties of record via the APSC Electronic Filing System on this the 2nd day of October 2023.

/s/ Lawrence E. Chisenhall, Jr.
Lawrence E. Chisenhall, Jr.