

BEFORE THE CORPORATION COMMISSION OF THE STATE 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 201700496

**FILED**  
MAY 07 2018

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CORPORATION COMMISSION  
OF OKLAHOMA



SUMMARY TESTIMONY

OF

ISAAC D. STROUP

MAY 7, 2018

1 Isaac D. Stroup is employed by the Public Utility Division (“PUD”) of the Oklahoma  
2 Corporation Commission (“Commission”) as a Public Utility Regulatory Analyst. On  
3 January 16, 2018, Oklahoma Gas & Electric Company (“OG&E” or “Company”) filed its  
4 Application for an adjustment in its rates, charges, and tariffs for retail electric service in  
5 Oklahoma. On May 2, 2018, Mr. Stroup filed Responsive Testimony to present PUD’s  
6 recommendation regarding Storm Rider Expense Removal, Other Amortization,  
7 Regulatory Assets and Liabilities, and Corporate Expense/Overheads and Allocations.

8 Mr. Stroup testified that after reviewing the areas of Storm Rider Expense Removal,  
9 Other Amortization, Regulatory Assets and Liabilities, and Corporate Expense/Overheads  
10 and Allocations, PUD recommended the Commission approve the Company’s adjustment  
11 to operating income concerning Storm Rider Expense Removal. This adjustment  
12 removes the amortized storm expense of \$8,513,168 from the storm account balance, and  
13 adds it to operating income.

14 In addition, Mr. Stroup testified that PUD recommended the Commission accept the  
15 Company’s adjustment to operating income concerning Other Amortization. Other  
16 Amortization consisted of items that were set up to be amortized in specific ways in  
17 previous Commission orders and a Federal Energy Regulatory Commission decision, the  
18 removal of an expiring pension liability, and the removal of various Arkansas  
19 amortizations. The sum of these items resulted in an adjustment that decreases operating  
20 income by \$11,292,259.

1 Mr. Stroup also testified that PUD recommended the Commission accept the Company's  
2 adjustment to Regulatory Assets and Liabilities. The items included in this adjustment  
3 are: (1) the removal of the storm expense asset recoverable through the rider; (2) the  
4 removal of assets that will be fully amortized when new rates are implemented; (3) the  
5 removal of pension liabilities that will be fully amortized by the time rates are  
6 implemented; and (4) the addition of pension liabilities realized during the test year. The  
7 total amount results in an adjustment to decrease rate base by \$1,070,748,700. Mr.  
8 Stroup also testified that PUD recommended the Commission accept PUD's adjustments  
9 to reflect the Company's six-month post test year figures. The six-month post test year  
10 adjustments to Regulatory Assets and Liabilities combined, equal a \$1,656,561 increase  
11 to rate base.

12 Lastly, Mr. Stroup testified that PUD does not have any recommendations regarding  
13 Corporate Expense/Overheads and Allocations. Neither the Company nor PUD  
14 recommended any adjustments to this area, nor are there any significant changes in the  
15 Company's allocation methodology since its last rate cause.

16 PUD believes that these recommendations are fair, just, reasonable, and in the public  
17 interest.

CERTIFICATE OF SERVICE

I, the undersigned, do hereby certify that on the 2<sup>nd</sup> day of May, 2018, a true and correct copy of the above and foregoing was sent **electronically**, addressed to the following:

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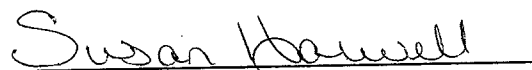
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