

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)
OF OKLAHOMA GAS AND ELECTRIC COMPANY)
FOR APPROVAL OF A GENERAL CHANGE IN) DOCKET NO. 16-052-U
RATES, CHARGES AND TARIFFS)

SURREBUTTAL TESTIMONY

OF

JOY BROOKS
PUBLIC UTILITY AUDITOR
AUDITS SECTION

ON BEHALF OF THE GENERAL STAFF
OF THE ARKANSAS PUBLIC SERVICE COMMISSION

March 30, 2017

OKLAHOMA GAS AND ELECTRIC COMPANY
DOCKET NO. 16-052-U
SURREBUTTAL TESTIMONY OF JOY BROOKS

INTRODUCTION

Q. What is your name?

A. My name is Joy Brooks.

Q. Are you the same Joy Brooks who presented Direct Testimony in this Docket on January 31, 2017, on behalf of the General Staff (Staff) of the Arkansas Public Service Commission (Commission)?

A. Yes.

PURPOSE OF TESTIMONY

Q. What is the purpose of your Surrebuttal Testimony in this Docket?

A. The purpose of my Surrebuttal Testimony is to address other revenues and various expense adjustments in which Oklahoma Gas and Electric Company (OG&E or Company) and I differ in methodology, amount, or where additional explanation is required. Specifically, I discuss the adjustments listed in Table 1 below and corresponding Rebuttal Testimony of OG&E witnesses Gwin Cash, Jason Thenmadathil, and Malini Gandhi. In addition, I address the Direct Testimony of Attorney General (AG) witness William Perea Marcus as it relates to adjustments listed in Table 1. Also, I continue to support the adjustments to remove rider revenues and expenses and revenues not at issue that were not addressed by OG&E or any other witnesses and have not changed since my Direct Testimony.

OKLAHOMA GAS AND ELECTRIC COMPANY
DOCKET NO. 16-052-U
SURREBUTTAL TESTIMONY OF JOY BROOKS

Table 1
Summary of Adjustments Addressed in Testimony

Staff Adj. No.	OG&E Adj. No	Description	Staff Adj. Amount	OG&E Adj. Amount	Difference
IS-25	IS-25	Removal of ECR Rider (Fuel and Purchase Power) costs	(\$771,841,858)	(\$771,841,858)	\$0
		Increase AR Curtailments (Load Reduction Rider) Direct Assigned	\$241,560	\$241,560	\$0
		Total	(\$771,600,298)	(\$771,600,298)	\$0
IS-33	IS-33	Removal of Entertainment, Gifts, and Other Expenses	(\$1,396,654)	(\$1,253,518)	(\$143,136)
IS-34	IS-34	Transmission Expenses Recovered from SPP Load Serving Entities	(\$19,776,226)	(\$39,410,616)	\$19,634,390
IS-45	N/A	Reduction in Customer Activity Charges	(\$310,792)	N/A	(\$310,792)

ENTERTAINMENT, GIFTS, AND OTHER EXPENDITURES (IS-33)

Q. Did the Company agree with your Direct Testimony adjustments for the removal of Industry Dues and Info/Education/Safety as well as entertainment expenses, gifts, chamber of commerce dues and other non-recoverable costs that were included in the test year in various “above the line” FERC accounts?

A. Yes. In Direct Testimony, my Adjustment IS-33 reduced test year expense by \$1,253,518. OG&E witness Thenmadathil, in his Rebuttal Testimony, agreed

OKLAHOMA GAS AND ELECTRIC COMPANY
DOCKET NO. 16-052-U
SURREBUTTAL TESTIMONY OF JOY BROOKS

1 with this adjustment.¹

2 **Q. Did the Company address AG witness Marcus's recommendation to**
3 **remove an additional \$883,102 in Industry Dues and Info/Education/Safety**
4 **expenses?**

5 A. No. The Company's Rebuttal Testimony did not address Mr. Marcus's
6 recommendations relating to dues and donations.

7 **Q. Based on your review of AG witness Marcus's Direct Testimony and**
8 **workpapers, have you revised your adjustment for Industry Dues and**
9 **Info/Education/Safety?**

10 A. Yes. I agree with parts of Mr. Marcus's Direct Testimony recommendations. I
11 agree with Mr. Marcus's recommendation for the removal of an additional
12 \$22,086 from Industry Dues and an additional \$121,050 from
13 Info/Education/Safety expenses² based on my review of supporting invoices.
14 Specifically, I removed expenses that were non-jurisdictional or not necessary for
15 the provision of utility service, such as membership assessments to Southwest
16 Power Pool (SPP) for OGE Transmission LLC, professional lobbying society
17 dues, and chamber of commerce membership from Industry Dues. I also
18 removed expenses directly assigned to the Oklahoma jurisdiction, image building
19 sponsorships, and a foundation donation from Info/Education/Safety expenses

¹ Rebuttal Testimony of Jason Thenmadathil, p. 7, lines 1-5.

² Direct Testimony of William P. Marcus, p. 95, lines 6-24 and p. 96, lines 1-18.

OKLAHOMA GAS AND ELECTRIC COMPANY
DOCKET NO. 16-052-U
SURREBUTTAL TESTIMONY OF JOY BROOKS

1 based upon the documentation provided by OG&E in response to AG DR 9-03.

2 My revised adjustment removes an additional \$143,136, which results in my
3 Adjustment IS-33 removing a total of \$1,396,654.

4 **Q. After reviewing the Direct Testimony of AG witness Marcus regarding**
5 **Edison Electric Institute (EEI),³ do you continue to agree with the**
6 **Company's inclusion of \$710,790 and exclusion of \$126,759 for EEI dues?**

7 A. Yes. Staff made a similar adjustment as the AG relating to EEI dues in OG&E's
8 last general rate case, Docket No. 10-067-U, based on EEI's 2009 "Schedule of
9 Expenses By NARUC Category – For Core Dues Activities".⁴ In his Direct
10 Testimony in this rate case, Mr. Marcus discusses his attempts to obtain the
11 same EEI schedule of expenses from OG&E. However, because OG&E did not
12 provide the requested EEI schedule and because of certain disallowable
13 expenditures made by EEI in recent years, the AG recommends disallowance of
14 all funding for EEI, except \$10,000 for mutual aid activities. Because my
15 adjustment is based on a review of the available information, including invoices
16 for test year membership dues which identified lobbying expenses and
17 contributions, I disagree with the AG's recommendation to remove \$725,790.

18 **CUSTOMER ACTIVITY CHARGE REVENUES (IS-45)**

19 **Q. Did the Company include an adjustment to reduce Account 451 Misc.**

³ *Id.* at 96, line 19, through 98, line 20.

⁴ Direct Testimony of Bill Dennis, Docket No. 10-067-U, p. 10, lines 1-14.

OKLAHOMA GAS AND ELECTRIC COMPANY
DOCKET NO. 16-052-U
SURREBUTTAL TESTIMONY OF JOY BROOKS

Service Revenues to reflect the change in customer activity charges?

A. No. The Company's position regarding the reduction of reconnection fees was discussed in OG&E witness Gwin Cash's Rebuttal Testimony⁵ in response to Staff witness Judy Kay Lindholm's Direct Testimony and recommendations for several customer activity charges, including reconnection fees.⁶ However, Mr. Cash did not address the other customer activity fees or discuss a change in *pro forma* revenues as a result. Staff witness Lindholm, in her Surrebuttal Testimony, maintains her recommendations made in Direct Testimony. Therefore, my Adjustment IS-45, which recognizes the *pro forma* change in Other Operating Revenues resulting from customer activity charges, is the same as in Direct Testimony, a reduction of \$310,792.

CURTAILMENT COSTS (IS-25)

Q. Do you agree with the Company's recommendation for an additional increase for Arkansas-related curtailment costs?

A. Yes. In my Direct Testimony, I included the Arkansas test year amount of \$2,732,409. However, in Company witness Thenmadathil's Rebuttal Testimony, he recommends an increase of \$241,560 in curtailment costs based on the most recent cost information for calendar year 2016 instead of test year cost due to an

⁵ Rebuttal Testimony of Gwin Cash, p. 8, lines 1-12.

⁶ Direct Testimony of Judy Kay Lindholm, pp. 7-12.

OKLAHOMA GAS AND ELECTRIC COMPANY
DOCKET NO. 16-052-U
SURREBUTTAL TESTIMONY OF JOY BROOKS

1 upward trend.⁷ In discussion with Company personnel, the explanation for the
2 increase in curtailment costs is due primarily to a large industrial customer that
3 signed up to participate in the Load Reduction Rider in 2014 and reduced their
4 demand significantly, and has continued to do so in subsequent years.
5 Therefore, my Adjustment IS-25 increases Other Power Supply Expenses for the
6 Arkansas curtailment cost by \$241,560, in recognition of this increased level of
7 cost.

8 **TRANSMISSION EXPENSES RECOVERED FROM**
9 **OTHER LOAD SERVING ENTITIES (IS-34)**

10 **Q. Does the Company agree with your Adjustment IS-34 to remove certain**
11 **transmission-related expenses recovered from other Load Serving Entities**
12 **(LSEs)?**

13 A. Yes. Company witness Gandhi's Direct Testimony Adjustment IS-34⁸ was the
14 same as my Direct Testimony Adjustment IS-34, which recommends removing
15 \$39,410,616 in transmission-related operations and maintenance expenses,
16 administration and general expenses, depreciation expenses, and taxes other
17 than income related to the excluded portion of transmission plant constructed as
18 SPP Base Plan upgrades. However, in Surrebuttal Testimony, I exclude
19 depreciation expense of \$19,634,390 from my adjustment, because Staff witness
20 William L. Matthew's Adjustment IS-26 recognizes that amount.

⁷ Rebuttal Testimony of Jason Thenmadathil, p. 5, lines 21-27.

⁸ Direct Testimony of Malini Gandhi, p. 6, lines 7-14

OKLAHOMA GAS AND ELECTRIC COMPANY
DOCKET NO. 16-052-U
SURREBUTTAL TESTIMONY OF JOY BROOKS

1 **Q. Did your reduction to Account No. 408.10 (Property Taxes – Base Plan**
2 **Upgrade) included in Adjustment IS-34 change from your Direct**
3 **Testimony?**

4 A. No. My Adjustment IS-34 continues to include the same reduction in taxes other
5 than income as in my Direct Testimony. However, in Staff's direct filing, the
6 amount of \$7,809,937 was not reflected in Staff's cost of service due to a data
7 entry error. This error has been corrected and the reduction of \$7,809,937 is
8 reflected in Staff's Surrebuttal cost of service.

9 **Q. Does this conclude your Surrebuttal Testimony?**

10 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served on all parties of record by electronic mail via the Electronic Filing System on this 30th day of March, 2017.

/s/ Justin A. Hinton
Justin A. Hinton