

FILED
MAY 29 2018

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)

COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

CAUSE NO. PUD 201700496

Rebuttal Testimony

of

Seth Knight

on behalf of

Oklahoma Gas and Electric Company

May 29, 2018

Seth Knight
Rebuttal Testimony

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

2 A. My name is Seth Knight. My business address is 321 North Harvey, Oklahoma City,
3 Oklahoma 73102.

5 **Q. Are you the same Seth Knight who filed direct testimony in this Cause?**

6 A. Yes.

8 **Q. What is the purpose of your rebuttal testimony?**

9 A. The purpose of my testimony is to support an update to the Oklahoma jurisdiction *pro*
10 *forma* revenues as reported in Schedule H of the Company's filing and to rebut the
11 calculation of the revenue deficiency proposed by OIEC/OER, as reflected in the
12 Responsive Testimony of Mark Garrett.

14 **Q. How are jurisdictional pro forma revenues calculated?**

15 A. Jurisdictional *pro forma* revenues represent the level of revenues that OG&E would
16 expect to receive annually based on the currently approved tariffs as applied to projected
17 electricity consumption of the number of OG&E customers at the time of measurement.
18 The *pro forma* revenues reflected in the Company's filing were based on the Company's
19 projection of its customer count on March 31, 2018. The updated level of jurisdictional
20 *pro forma* revenues I am supporting is based on the actual customer counts for the *pro*
21 *forma* period ending March 31, 2018.

23 **Q. What are the updated current revenues and why are they being updated?**

24 A. The updated jurisdictional revenues are \$1,180,006,916. This update decreases the
25 original filed revenues by \$8,635,751. Updated *pro forma* revenue was provided to the
26 intervening parties in response to Attorney General Data request AG 12-3 ("AG 12-3"),
27 which asked the Company to provide updates to any accounting numbers that relied on
28 estimates.

1 Q. **When did the Company respond to this data request?**

2 A. The Company initially responded to AG 12-3 on March 22, 2018, and explained that
3 because the Company was not at the end of the *pro forma* period it would provide those
4 updated revenues at a later date. A supplemental response including all updated customer
5 counts as of March 31, 2018 was provided on April 17, 2018, and showed jurisdictional
6 *pro forma* revenues decreasing by \$6,729,430. After Responsive testimony was filed on
7 May 2, 2018, the Company found two issues that needed to be corrected, impacting
8 several large customers. The Company provided another supplemental response to AG
9 12-3 on May 10, 2018 that corrected this issue and decreased revenue by an additional
10 \$1,906,322.
11

12 Q. **What necessitated the May 10th update?**

13 A. There were two calculations that needed to be updated. First, the update failed to capture
14 the movement of a large customer from a standard pricing tariff to Real Time Pricing
15 (“RTP”). The customer’s usage had been left at its historic usage instead of being input
16 at its new Customer Base Line (“CBL”). This update added usage to the customer and
17 increased revenue for LPL SL 2 by approximately \$130,000. Second, when reviewing
18 three new service installations that were in the original filing it was noted that usage was
19 input and averaged for these customers. The three “new” customers were actually the
20 result of an existing large customer being split into four different accounts. An
21 adjustment was made to reduce the original installation number to its current usage and
22 bring the combined accounts to their current usage. This adjustment decreased revenues
23 for LPL SL 1 by approximately \$2 million. The net effect of both adjustments reduced
24 revenues from the April 17th supplemental filing by \$1,906,322.
25

26 Q. **What did the intervening parties do with the update to revenues?**

27 A. PUD and the Attorney General both included the April 17th update to revenues in their
28 Responsive testimony, along with the updates to expenses and rate base provided by the
29 Company. OIEC/OER did not include the April 17th updated revenues in their
30 Responsive testimony. However, they did accept the update to expense and rate base

1 items. To correctly reflect jurisdictional *pro forma* expenses and revenues, it would be
2 appropriate for all parties to include the rate base, expense and revenue updates provided
3 by the Company, including the May 10th update which decreased the originally filed pro
4 forma revenues by \$8,635,751.

5
6 Q. **Do you have any specific recommendations for the commission?**

7 A. Yes. I would recommend that they accept the May 10th update to revenues resulting in a
8 decrease in revenues from the filing in the amount of \$8,635,751.

9
10 Q. **Does this conclude your testimony?**

11 A. Yes.