

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

ELANA FOLEY
SENIOR RATE CASE ANALYST

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

MARCH 30, 2017

1 **INTRODUCTION**

2 **Q. Please state your name.**

3 A. My name is Elana Foley.

4 **Q. Are you the same Elana Foley who filed Direct Testimony in this Docket on**
5 **January 31, 2017 on behalf of the General Staff (Staff) of the Arkansas**
6 **Public Service Commission (Commission)?**

7 A. Yes, I am.

8 **PURPOSE OF TESTIMONY**

9 **Q. What is the purpose of your Surrebuttal testimony?**

10 A. The purpose of my testimony is to state my continued support of my Direct
11 Testimony recommendations regarding Oklahoma Gas and Electric Company's
12 (OG&E or Company) proposed Rate Schedule No. 79, Large Capital Additions
13 Rider (LCA Rider). The LCA Rider was discussed in the Direct Testimony of
14 OG&E witnesses Donald R. Rowlett and Gwin Cash. I also recommend a
15 revision to the definition of the jurisdictional allocation factor used in the
16 Transmission Cost Recovery Rider (TCR Rider)

17 **LARGE CAPITAL ADDITIONS RIDER**

18 **Q. What recommendations did you make in your Direct Testimony regarding**
19 **OG&E's proposed LCA Rider?**

20 A. I recommended the Commission reject OG&E's proposed LCA Rider because it
21 is premature to approve the LCA Rider mechanism prior to the Commission's
22 evaluation and approval of a specific capital project. The recovery of capital costs
23 through a rider is discretionary and should be addressed on a case-by-case

1 basis, considering specific circumstances at the time, including the appropriate
2 costs and terms of the rider, the components of the revenue requirement,
3 allocation factors, and rate structure.

4 **Q. Did any other witnesses address OG&E's proposed LCA Rider?**

5 A. Yes. Arkansas Attorney General witness David E. Dismukes, Arkansas River
6 Valley Energy Consumers witness Larry Blank, and Wal-Mart Stores Arkansas,
7 LLC and Sam's West, Inc. witness Steve W. Chriss all recommended the
8 Commission reject the Company's proposed LCA Rider.

9 **Q. Did OG&E respond to the parties' concerns regarding the LCA Rider?**

10 A. No. The Company did not address any recommendations regarding the LCA
11 Rider; however OG&E witness Rowlett stated that "[m]y failure to address each
12 and every assertion or claim made by other parties in this Docket does not
13 indicate my acquiescence or agreement with such assertion or claim."¹

14 **Q. Do you continue to support rejection of OG&E's proposed LCA Rider?**

15 A. Yes, I continue to recommend that OG&E's proposed LCA Rider be rejected
16 because it is premature to approve the rider mechanism prior to the
17 Commission's evaluation and approval of a specific capital project.

18 **TRANSMISSION COST RECOVERY RIDER**

19 **Q. What change are you recommending for the TCR Rider?**

20 A. I recommend a revision to the definition of the Transmission Allocation Factor
21 (TAF) used to determine the Arkansas-jurisdictional share of the Southwest
22 Power Pool (SPP) expenses and revenues recovered in the TCR Rider. The

¹ Rebuttal Testimony of Donald R. Rowlett, p. 2, lines 12-14.

1 TAF is currently defined as the jurisdictional transmission cost allocation factor
2 most recently approved by the Commission adjusted to remove load for
3 wholesale customers directly billed by the SPP. In Rebuttal Testimony, OG&E
4 witness David Smith described the development of a new transmission allocator,
5 TRANSDMDSPP, which is used to allocate only SPP-related investment costs
6 and expenses that should be assigned 100% to retail customers. Mr. Smith
7 explained that the TRANSDMDSPP allocator was needed because OG&E is
8 billed for these costs based on OG&E's load ratio share which does not include
9 wholesale customers who are billed directly by SPP.²

10 In his Surrebuttal Testimony, Staff witness Matthew S. Klucher accepted
11 Mr. Smith's recommendation. Since the Company has developed a separate
12 demand allocator for SPP transmission demand costs that excludes the load for
13 wholesale customers directly billed by SPP, there is no longer a need to calculate
14 an adjusted allocation factor for the TCR Rider. Therefore, I recommend revising
15 the definition of the TAF in the TCR Rider to state that it is the jurisdictional SPP
16 transmission demand cost allocation factor most recently approved by the
17 Commission in a rate case or Formula Rate Plan filing.

18 RECOMMENDATIONS

19 **Q. Please summarize your recommendations.**

20 **A.** I recommend that the Commission:

- 21 • Reject OG&E's proposed LCA Rider and

² Rebuttal Testimony of David Smith, p. 5, lines 14-22.

OKLAHOMA GAS AND ELECTRIC COMPANY
DOCKET NO. 16-052-U
SURREBUTTAL TESTIMONY OF ELANA FOLEY

- 1 • Approve Staff's proposed revision to the definition of the TAF in the TCR
2 Rider to state that it is the jurisdictional SPP transmission demand cost
3 allocation factor most recently approved by the Commission in a rate case or
4 Formula Rate Plan filing

5 **Q. Does this conclude your testimony?**

6 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 Commission's Electronic Filing System this 30th day of March, 2017.

/s/ Justin A. Hinton
Justin A. Hinton