

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)
APPROVING A RECOVERY MECHANISM FOR)
EXPENDITURES RELATED TO THE)
OKLAHOMA GRID ENHANCEMENT PLAN)**

Cause No. PUD 202000021

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CORPORATION COMMISSION
OF OKLAHOMA

RESPONSIVE TESTIMONY OF

MARK E. GARRETT

**ON BEHALF OF
OKLAHOMA INDUSTRIAL ENERGY CONSUMERS
("OIEC")**

AUGUST 25, 2020

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I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q: PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A: My name is Mark Garrett. My business address is 4028 Oakdale Farm Circle, Edmond, OK 73013.

Q: HOW ARE YOU EMPLOYED?

A: I am the President of Garrett Group Consulting, Inc., a consulting firm specializing in public utility regulation and litigation.

Q: PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A: I am a licensed attorney and a certified public accountant. I work as a consultant in public utility regulation. I received my bachelor's degree from the University of Oklahoma and completed post-graduate hours at Stephen F. Austin State University and at the University of Texas at Arlington and Pan American. I received my juris doctorate degree from Oklahoma City University Law School and was admitted to the Oklahoma Bar in 1997. I am a Certified Public Accountant licensed in the States of Texas and Oklahoma with a background in public accounting, private industry, and utility regulation. In public accounting, as a staff auditor for a firm in Dallas, I primarily audited financial institutions in the State of Texas. In private industry, as controller for a mid-sized (\$300 million) corporation in Dallas, I managed the Company's accounting function, including general ledger, accounts payable, financial reporting, audits, tax returns, budgets, projections, and

1 supervision of accounting personnel. In utility regulation, I served as an auditor in the
2 Public Utility Division of the Oklahoma Corporation Commission from 1991 to 1995. In
3 that position, I managed the audits of major gas and electric utility companies in
4 Oklahoma.

5 Since my departure from the Oklahoma Corporation Commission, I have worked
6 on numerous rate cases and other regulatory proceedings on behalf of various consumers,
7 consumer groups, public utility commission staffs and offices of attorneys general. I have
8 provided testimony before the public utility commissions in the states of Alaska, Arizona,
9 Arkansas, Colorado, Florida, Indiana, Massachusetts, Nevada, Oklahoma, Texas, Utah,
10 and Washington. My clients include industrial customers and groups of customers,
11 hospitals and hospital groups, universities, municipalities, and large commercial
12 customers. I have also testified on behalf of the commission staff in Utah and the offices
13 of attorneys general in Oklahoma, Indiana, Washington, Nevada and Florida. I have also
14 served as a presenter at the NARUC subcommittee on Accounting and Finance on the
15 issue of incentive compensation, and as a regular instructor at the New Mexico State
16 University's Center for Public Utilities course on basic utility regulation. I have attached
17 Exhibit MG-1 containing a more complete description of my qualifications and a list of
18 the regulatory proceedings in which I have been involved.

19
20 **Q: HAVE YOUR QUALIFICATIONS BEEN ACCEPTED BY THIS COMMISSION?**

21 A: Yes, they have. A more complete description of my qualifications and a list of the
22 proceedings in which I have been involved are included at the end of my testimony.

1
2 **Q: ON WHOSE BEHALF ARE YOU APPEARING IN THESE PROCEEDINGS?**

3 A: I am appearing on behalf of Oklahoma Industrial Energy Consumers (OIEC).
4

5 **Q: WHO IS OIEC?**

6 A: OIEC is an association, consisting of a diverse group of large consumers of energy in
7 Oklahoma, involved in regulatory and legislative matters primarily involving natural gas
8 and electric power.
9

10 **Q: WHAT IS OIEC'S INTEREST IN THIS PROCEEDING?**

11 A: This proceeding involves OG&E's request for a mechanism for recovery of OG&E's grid
12 enhancement plan investments. OG&E's request, if approved, would result in a rate
13 increase for Oklahoma businesses and industries. Businesses and industries served by
14 OG&E operate in competitive business environments, thus, OIEC has intervened in this
15 proceeding to ensure: (i) that OG&E's request for a cost recovery mechanism in this
16 proceeding is reasonable and lawful; (ii) that OG&E's grid enhancement plan is prudent
17 and necessary for reliable service to customers; (iii) and that the scope and timing of
18 OG&E's requests are in the public interest.
19

20 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

21 A: The purpose of my testimony is to address OG&E's proposed recovery mechanism for the
22 Company's grid enhancement plan ("GEP"). In my testimony I show how the Company's

1 proposed cost recovery of its GEP is unworkable from a financial perspective and appears
2 to be contrary to Oklahoma law. I also show how OG&E's proposed cost recovery of its
3 GEP improperly allocates distribution level costs to transmission level customers. Finally,
4 I show that OG&E could seek recovery of prudent and necessary GEP costs in a lawful
5 manner through traditional rate cases. A summary of my recommendations is set forth
6 below.

II. OVERVIEW OF OG&E'S REQUESTED RELIEF

7 **Q: PLEASE PROVIDE AN OVERVIEW OF THE COMPANY'S REQUESTED**
8 **RELIEF.**

9 A: A description of the Company's proposed GEP is set forth in the Direct Testimony of
10 OG&E witness Mr. Zachary Gladhill. The proposed cost recovery mechanism is set forth
11 in the testimony of OG&E witness, Mr. Donald Rowlett. OG&E witnesses Dalton, Smith,
12 Dennis and Cash further explain the plan and its proposed recovery mechanism. In short,
13 OG&E plans to upgrade its distribution system over a 5-year period, at a cost of about
14 \$810 million, and seeks to recover these costs through a rider mechanism as the assets go
15 into service. OG&E plans to defer any prudence review of its Grid Enhancement Plan
16 until after the program is completed, and after ratepayers have been paying for the plan
17 throughout the 5-year construction period.

18 The Company characterizes its proposed recovery mechanism as an *alternative*
19 *form* of cost recovery compared to the traditional rate case approach.¹ The approach is

¹ Rowlett Direct, p. 9, line 5—p. 10, line 18.

1 *alternative* because the costs of the program would be included in rates through a rider
2 mechanism *before* they are found to be used and useful. Under the traditional ratemaking
3 approach, costs are included for recovery in a rate case *after* a used and useful
4 determination has been made. OG&E's primary justification for seeking this alternative
5 form of cost recovery is that implementing a rider would reduce OG&E's regulatory lag –
6 the period of time between when an asset goes into service and when it is included in
7 rates.²

8 **Q: HOW DOES MR. GLADHILL DESCRIBE THE GRID ENHANCEMENT**
9 **PROGRAM?**

10 A: Mr. Gladhill describes the Grid Enhancement Program as follows:

11 OG&E plans to deploy a five-year asset deployment program comprised of
12 strategic, data-driven, investments that will modernize and optimize our
13 system and provide benefits to customers almost immediately and for years
14 to come. The program is focused on the upgrade and replacement of aging
15 equipment, hardware, and other assets to improve reliability, resilience and
16 safety. It also involves the installation of new technology, equipment, and
17 communication systems that will create an efficient, self-healing grid with
18 improved visibility and control of the system. These investments will also
19 begin the necessary steps to prepare the system for the future integration of
20 higher levels of DER such as rooftop solar and the associated effects of
21 two-way power flow.”³

22 The six stated objectives of OG&E's program are: (1) improved reliability, (2) greater
23 resilience, (3) enhanced flexibility, (4) increased efficiency, (5) additional affordability,
24 and (6) enhanced customer benefits.⁴ The total cost of the GEP is expected to be about

² *Id.*, p. 6, line 25—p. 9, line 3.

³ Gladhill Direct, p. 10, lines 15-23.

⁴ *Id.*, p. 10, line 25—p. 11, line 15.

1 \$810 million.⁵ What Mr. Gladhill does not directly say is that the GEP is a program to
2 enhance the *distribution* system of the Company. As discussed in the testimony below,
3 the Company admits that the GEP includes no direct costs or benefits associated with
4 *transmission* level assets.

5
6 **Q: HOW DOES MR. ROWLETT DESCRIBE THE COST RECOVERY**
7 **MECHANISM?**

8 A: Mr. Rowlett characterizes OG&E's request as a *temporary* alternative cost recovery
9 mechanism designed to support the implementation of the Plan."⁶ He states,

10 OG&E is requesting approval of a Mechanism for the five year deployment
11 that allows OG&E to begin recovery of the revenue requirement associated
12 with the capital investments including the return on (debt cost and equity
13 return), the return of (depreciation expense), as well as taxes associated
14 with the investment. . . The costs will be collected on an interim basis, until
15 they are reviewed for prudence in a base rate case.⁷

16 Mr. Rowlett makes it clear that OG&E is not seeking a prudence review of its plan in this
17 docket:

18 "OG&E is not seeking pre-approval of the prudence of its Plan and
19 associated investment. As stated above, OG&E's proposal is that, as occurs
20 with any other plant additions, any determination concerning the prudence
21 of the investments should be reserved until a future general rate case(s).
22 This means that OG&E will bear the burden of showing in the future that
23 the purported benefits of its Plan have been or will be delivered to
24 customers. Any revenues that are collected through the Mechanism that are
25 related to costs that are not ultimately deemed prudent and not approved by
26 the Commission to be included in rate base will be returned to customers
27 through a true-up provision in the Mechanism."⁸

⁵ Gladhill Direct, p. 14, Table 1.

⁶ Rowlett Direct, p. 15, lines 10-11.

⁷ Rowlett Direct, p. 5, lines 9-14.

⁸ Rowlett Direct, p. 5, lines 20-28 (Emphasis added).

1 Mr. Rowlett contends that no prudence review of this plan should occur until a future
2 general rate case, “as occurs with any other plant additions.” However, it is clear this is
3 *not* a routine plant addition. Instead, the Company seeks special treatment for interim
4 recovery of this upgrade to its distribution system.

5 The Company also indicates that without approval of an alternative cost recovery
6 mechanism, OG&E is unwilling to proceed with its accelerated GEP. Specifically, Mr.
7 Rowlett states:

8 Without a reasonable means of mitigating lag, the Company will have to
9 reassess its ability to commit to the planned level of investment in this
10 program and consider performing small pieces of the Plan over a much
11 longer period with its existing revenues, which will delay important
12 benefits and potentially essential improvements for customers.⁹

13 For the reasons I discuss below, OG&E should reassess its proposed GEP. When re-
14 assessing, the Company should consider implementing those grid enhancement measures
15 that are economically justifiable and that achieve a prudent and necessary grid
16 modernization within the bounds of a traditional cost recovery mechanism. Timely
17 prudence reviews of the Company’s ongoing investments within traditional rate case
18 proceedings would not run afoul of Oklahoma’s pre-approval statutes, used and useful
19 laws, or common sense regulatory policies.

⁹ Rowlett Direct, p. 7, lines 12-16 (Emphasis added).

III. DEFICIENCIES IN OG&E'S RATE RECOVERY PLAN

Q: IS OG&E'S RATE RECOVERY PLAN A WORKABLE PLAN?

A: No. OG&E's rate recovery plan has numerous deficiencies. I list a few of these deficiencies below and discuss them further in the testimony that follows. OG&E's rate recovery plan:

- Circumvents Oklahoma's pre-approval statutes;
- Is contrary to Oklahoma's Used and Useful law;
- Effectively precludes any timely or meaningful prudence review; and
- Is financially untenable for the Company and its customers.

Q: COULD OG&E'S GRID MODERNIZATION GOALS BE ACHIEVED THROUGH A TRADITIONAL RATEMAKING APPROACH?

A: Yes. As discussed below, and as addressed by OIEC witness Mr. Scott Norwood, OG&E's 5-year grid modernization plan is unnecessarily accelerated and unduly burdensome for ratepayers. The purported customer benefits outlined by OG&E fail to justify the significant rate increases that OG&E's accelerated 5-year cost recovery plan would cause. OG&E's goal of grid modernization should be modified to include only those investments that are reasonable and justifiable, and should be implemented at a pace that allows cost recovery through a traditional rate case approach rather than a rider or alternative recovery mechanism.

A. OG&E's Plan Attempts to Circumvent Oklahoma's Pre-approval Law

Q: HOW DOES OG&E'S RATE RECOVERY PLAN ATTEMPT TO CIRCUMVENT OKLAHOMA LAW?

A: Oklahoma's pre-approval statute, 17 O.S. 286, prescribes the two situations in which a utility can seek pre-approval of asset additions: (1) under 17 O.S. 286 B, a utility can seek pre-approval of a plan to comply with federally *mandated environmental compliance* laws and with state, local and tribal requirements related to generation facilities, and (2) under 17 O.S. 286 C, a utility can seek pre-approval to build or buy an *electric generating facility* or enter into a purchased power contract. Under Oklahoma's statutory framework these are the only two circumstances in which a utility is allowed to seek pre-approval of planned utility investment. Distribution system modernization is not among these. While OG&E maintains that it is not seeking pre-approval of its GEP, it likely says that because there is no provision in Oklahoma law that authorizes such a request.

Title 17 O.S. § 286 prescribes the two situations in which a utility can seek periodic (rider) rate recovery of asset additions: (1) 17 O.S. 286 A prescribes that transmission upgrades mandated by a regional transmission organization ("RTO") are presumed to be recoverable by the utility, and the utility can seek periodic rate recovery of these costs; and (2) 17 O.S. 286 B states that costs to comply with a federally *mandated environmental compliance* plan, if approved by the Commission, will be presumed to be *used and useful*, and may be recovered through periodic rate adjustments. Under Oklahoma law, these are the two circumstances in which a utility may seek periodic rate adjustments for its investment. The reason that periodic rate adjustments can be authorized in these two

1 situations is because these are the two situations in Oklahoma where the legislature has
2 conferred a *presumption of prudence* for utility assets. Distribution system modernization
3 does not fit within either of these statutory provisions.

4 Nevertheless, the request OG&E is making—to implement its GEP and begin
5 recovering the costs of these investments from ratepayers—is tantamount to receiving
6 Commission approval, at least tacit approval, of its GEP. In effect, the Company says it
7 is *not* seeking pre-approval of the GEP itself, but it is seeking pre-approval for cost
8 recovery of the GEP, which then would pressure the Commission into later approving the
9 GEP itself. This begs the question, why would the Commission allow a utility to begin
10 cost recovery of a program so large that its later disallowance could put the utility into
11 severe financial distress?

12
13 **Q: IS THE COMPANY’S REQUEST FOR A COST RECOVERY MECHANISM**
14 **TANTAMOUNT TO SEEKING PRE-APPROVAL FOR INSTALLATION OF ITS**
15 **GRID ENHANCEMENT ASSETS?**

16 A: Yes. Although the Company claims it is not seeking pre-approval of the GEP, it clearly
17 indicates that without the Commission’s pre-approval of a special cost recovery
18 mechanism, and interim recovery of its investments, the Company will have to “reassess
19 its ability to commit” to investment in this program.¹⁰ The content of the Company’s
20 application, including the testimony of witnesses Gladhill, Rowlett, Dalton, Smith, Dennis
21 and Cash, is focused on persuading the Commission to grant pre-approval of the cost

¹⁰ Rowlett Direct, p. 7, lines 12-16.

1 recovery mechanism, which in turn, is part and parcel of the grid enhancement plan. The
2 problem remains, however, there is no statutory basis for pre-approval of OG&E's
3 underlying plan. The Company's attempted end-run around the clear statutory limitations
4 is ill-advised. The Oklahoma statutes provide the specific circumstances in which pre-
5 approval is available, and OG&E's plan does not fall within these provisions. The
6 Oklahoma Supreme Court has made it clear that the Commission does not have the
7 authority to grant pre-approval of public utility projects that fall outside the scope of the
8 specific statutory provisions.¹¹ The Company's request runs afoul of this important
9 safeguard.

B. OG&E's Plan Is Contrary To Oklahoma's Used and Useful Law

10 **Q: DOES THE COMPANY'S COST RECOVERY PLAN VIOLATE OKLAHOMA'S**
11 **USED AND USEFUL LAW?**

12 A: Yes. Oklahoma law provides that utility assets be *used and useful* before they can be
13 included in rates. In effect, utility assets must be in service (*used*) and providing a net
14 benefit to customers (*useful*). *Used and useful* is a legal designation that only the
15 Commission can confer. In effect, it is the prudence determination that must occur *before*
16 a utility investment can be included in rate base. Here, OG&E is asking that this prudence
17 determination, and its associated *used and useful* designation, be made after the cost of the
18 assets are already being recovered. This *cart before the horse* approach is inconsistent

¹¹ See *In the Matter of the Application of Oklahoma Gas and Electric Company v. Corp. Commission*, 2018 OK 31, ¶¶ 23-27, 417 P.3d 1196.

1 with Oklahoma law. In Oklahoma, a utility investment must be found to be *used and*
2 *useful before* it can be included in rates.

3
4 **Q: WHAT IS THE BASIS FOR YOUR ASSERTION THAT UTILITY INVESTMENT**
5 **MUST BE FOUND TO BE *USED AND USEFUL* BEFORE IT CAN BE INCLUDED**
6 **IN RATES?**

7 A: Oklahoma law is very clear on this point: only assets *used and useful* for providing utility
8 service may be included in rate base. Further, a plant's *used and useful* status is
9 determined "based upon the value of the property used and useful in [the utility's] public
10 service business at the time the inquiry was made."¹² In other words, the determination is
11 made in each rate case as to whether assets are used and useful at that time and, thus,
12 should be included in rates. Under the *used and useful* test, only assets in service during
13 the test year may be used to establish rates.¹³

14 As explained by the Oklahoma Supreme Court in *Southwestern Public Service Co.*:

15 A test year is a mirror view of the past suspended within a limited but
16 definite time frame through which we prophesy its duplication in the future.
17 To alter the image is to risk the distortion for the future. Only the cost of
18 those capital assets which are in actual use during the test year, or whose

¹² *Turpen v. Oklahoma Corporation Commission*, 1988 OK 126, n. 7, 769 P.2d 1309, 1316 (In Oklahoma, a public utility's rate base is "the amount upon which the utility is permitted to make a profit," which is "based upon the value of the property used and useful in [the utility's] public service business at the time the inquiry was made.") (quoting *Southwestern Public Service Co. v. State*, 1981 OK 136, 637 P.2d 92, 97).

¹³ See *Southwestern Public Service Co. v. State*, 1981 OK 136, 637 P.2d 92, 97; *Arkansas Louisiana Gas Co. v. Sun Oil Co.*, 1976 OK 89, 554 P.2d 14, 15. See also *Public Service Co. v. Oklahoma Corp. Com.*, 1983 OK 124, 688 P.2d 1274, 1276; *Oklahoma Natural Gas Co. v. Corporation Com. of Oklahoma*, 1923 OK 400, 216 P. 917. In 1994, the test year was effectively extended by six months when the Legislature adopted Okla. Stat. tit. 17, § 284, which authorized recovery of costs reasonably certain to occur within six months of the test year end.

1 use is so imminent and certain that they may be said, at least by analogy,
2 to have the quality of working capital may be added to the rate base
3 established by the test year in any event; and then only if appropriate
4 counter-balancing safe guards are applied.¹⁴

5 **Q: DO YOU BELIEVE THAT THE *USED AND USEFUL* STANDARD AS APPLIED**
6 **IN OKLAHOMA IS CONSISTANT WITH THE TREATMENT PROPOSED BY**
7 **THE COMPANY?**

8 A: No. Oklahoma law requires that a used and useful determination must be made for utility
9 assets before those assets can be recovered in rates.

10
11 **Q: ARE THERE INSTANCES IN OKLAHOMA WHERE THE COMMISSION HAS**
12 **ORDERED THE RECOVERY OF COSTS FOR ASSETS NOT YET**
13 **DETERMINED TO BE *USED AND USEFUL*?**

14 A: Not that I am aware of. In Mr. Rowlett's testimony he identifies cases that purportedly
15 allow cost recovery of utility investment between rate cases.¹⁵ Without discussing each
16 case here, it is important to note that the treatment identified by OG&E in each of these
17 cases was the result of a stipulation, rather than a Commission order at the conclusion of
18 a litigated case. The Stipulations approved in the cases cited by Mr. Rowlett included the
19 commitments of the parties to refrain from citing the stipulated treatment as precedential.
20 OG&E was a party to some of those settlements and thus, arguably violated the Settlement
21 Agreements when the Company cited the Commission approval of this treatment as
22 authority for the requested cost recovery mechanism in this proceeding. What the

¹⁴ *Southwestern Public Service Co.*, 1981 OK 136, ¶ 14, 637 P.2d at 98 (Emphasis added).

¹⁵ See Rowlett Direct, pp. 9-10.

1 Commission did in each of these cases was grant its approval of a stipulation by the parties.
2 The Commission to my knowledge has not previously ordered the specific treatment the
3 Company seeks here. Moreover, it is important to recognize that the Commission
4 approved these settlement agreements prior to the Oklahoma Supreme Court's decision in
5 the Sierra Club's recent appeal in the *Matter of the Application of Oklahoma Gas and*
6 *Electric Company v. Corp. Commission*.¹⁶

C. **OG&E's Plan Effectively Precludes Any Meaningful Prudence Review**

7 **Q: WHY DO YOU BELIEVE THE COMPANY'S CURRENT PLAN WOULD**
8 **PRECLUDE ANY MEANINGFUL PRUDENCE REVIEW?**

9 A: OG&E's GEP proposes accelerated distribution upgrades to be integrated into its existing
10 system. Under these circumstances, for a prudence review to be meaningful at all, it must
11 be performed in a *timely* manner. The Company's plan to postpone the prudence review
12 for five years until the *entire* upgrade is complete is simply too late, and is itself,
13 imprudent. It makes little sense for the Company to collect revenues through a *temporary*
14 rider for many years, while delaying any prudence review, thus creating exposure for a
15 large prudence disallowance in the future. But this is the Company's plan, as explained by
16 Mr. Rowlett:

17 [T]hese costs will be subject to true-up and ultimately a prudence review
18 in a base rate case. In other words, the investments remain subject to the
19 OCC's review and approval in a future regulatory proceeding, and any
20 disallowances will be refunded to customers.¹⁷

¹⁶ See *In the Matter of the Application of Oklahoma Gas and Electric Company v. Corp. Comm.*, 2018 OK 31, ¶¶ 23-27, 417 P.3d 1196.

¹⁷ Rowlett Direct, p. 11, lines 7-10.

1 Although the safeguard of a potential future refund to customers may *sound good in*
2 *theory*, it is untenable in practice. OG&E's plan gives lip service to a subsequent prudence
3 review by the OCC, with potential refunds to customers. However, the truth is, delaying
4 the prudence review until *after* the \$810 million investment is integrated into OG&E's
5 system effectively forecloses the possibility of a meaningful review or disallowance of
6 costs. Moreover, obtaining the Public Utility Division's (PUD) review and partial or
7 quasi-approval of proposed investments and recovery factors outside the context of a rate
8 case does not provide viable safeguards as this process does not meet necessary due
9 process requirements as parties are not provided an opportunity to be heard. As a practical
10 matter, OG&E's plan would reduce the Commission's prudence review to a perfunctory
11 exercise rather than a meaningful evaluation of its investment.

D. OG&E's Plan is Financially Untenable

12 **Q: WHAT MAKES THE COMPANY'S COST RECOVERY PLAN FINANCIALLY**
13 **UNTENABLE?**

14 A: There are several problems with the plan that make it financially untenable. OG&E's plan
15 is accelerated—it seeks to enhance the Company's distribution system within 5 years, but
16 also plans to **delay** Commission approval of its investments until *after* OG&E's \$810
17 million investment has been made. Thus, if the Commission in a subsequent rate case
18 were to find the investment imprudent, the Company would have to write-off
19 approximately \$810 million and return to ratepayers all of the money it has collected
20 through the rider. From a financial perspective, this is an untenable approach for the

1 Company and its ratepayers. OG&E's equity level is about \$2.8 billion.¹⁸ An \$810 million
2 write-off would wipe out almost 30% of the Company's equity. Such a write-off would
3 put the Company in dire financial straits, which would ultimately result in significant rate
4 increases to OG&E customers.

5 OG&E's plan to delay any prudence review for 5 years is particularly risky given
6 the types of investments that are proposed under OG&E's GEP. The distribution system
7 upgrades are not the types of investments that could be sold off to mitigate financial loss
8 in the event of a subsequent prudence disallowance. In other words, if the proposed
9 investment at issue was the construction of a new power plant rather than an integrated
10 system upgrade, the financial impact of a subsequent prudence disallowance could be
11 mitigated. The plant could be sold, or the power from the plant could be sold, to help
12 recoup the disallowance. Here, however, OG&E's investments are for distribution asset
13 upgrades which are integrated into OG&E's system. As such, these assets cannot be sold
14 to third parties in the event of a subsequent prudence disallowance. The only outcome in
15 the event of a disallowance would be a direct write-off to earnings, which would cause
16 significant financial harm to the Company. It is far too risky for the Company to collect
17 ratepayer funds on a *temporary* basis for investment of this type and magnitude—with a
18 prudence review and potential disallowance—looming years into the future.

¹⁸ See OG&E's last rate case, Cause No. PUD 201800140, \$5.254B (Sch. B-1) * 53.34% (Sch. F-1) = \$2.8B.

E. Even without Legal Barriers, Rider Treatment is Inappropriate

Q: ARE OG&E'S GRID ENHANCEMENT EXPENDITURES THE TYPES OF COSTS THAT TYPICALLY MIGHT QUALIFY FOR RIDER TREATMENT?

A: No. Even without the legal barriers discussed above, OG&E's Grid Enhancement Plan does not meet the criteria typically required for rider treatment.

Q: WHAT ARE THE TYPES OF COSTS THAT COULD QUALIFY FOR RIDER TREATMENT?

A: Rider mechanisms are a form of cost-tracking treatment in which costs between rate cases are either recovered directly through a rider, or deferred through a regulatory asset and recovered in a subsequent proceeding. In effect, cost-tracker treatment could encompass riders and deferred accounting (regulatory asset) mechanisms. According to a National Regulatory Research Institute's (NRRI) white paper,¹⁹ public utility commissions traditionally approve cost-trackers only under "extraordinary circumstances." Commissions consider cost trackers / riders an exception to the general rule for cost recovery and place the burden on a utility to demonstrate why certain costs require special treatment. According to NRRI, the circumstances typically required for approval of riders occur when costs are:

- (1) Largely outside the control of the utility;
- (2) Unpredictable and volatile;
- (3) Substantial and recurring; *and*
- (4) Causing severe financial consequences to the company.

¹⁹ Costello, Ken, NRRI, "How Should Regulators View Cost Trackers?" published in September 2009.

1 Based on these criteria, a utility company's expenditures for fuel historically have been
2 viewed as good candidates for either rider recovery or deferred accounting treatment
3 because fuel cost levels can be, at times, beyond even a prudent utility's control. They
4 can also be volatile and significant in size. A second example may be major storm-related
5 *expenses (not capital investments)* incurred to restore power after a major weather
6 occurrence. As such, they are considered emergency costs largely outside of the control
7 of the utility and significant in size. Rider recovery, or deferred accounting treatment, of
8 storm expense enables utilities to address storm cost recovery while avoiding the financial
9 impacts of the cost increases themselves.
10

11 **Q: DO YOU AGREE WITH THE NRRI CRITERIA?**

12 A: Yes. I agree that the NRRI criteria are appropriate for evaluating a utility's request for a
13 cost-tracker mechanism, either through a rider or a deferred asset approach.
14

15 **Q: DO OG&E'S GRID ENHANCEMENT PLAN COSTS MEET THESE CRITERIA?**

16 A: No. In order to qualify for cost-tracker treatment, the costs should meet all of the NRRI
17 requirements. OG&E's Grid Enhancement Plan costs meet **none** of the requirements.
18 First, the costs are not outside of *management's control*. To the contrary, management
19 has complete control over these costs including both the amount and timing of the
20 expenditures. Second, the costs, are neither *unpredictable nor volatile*. Instead, these
21 costs are known, predictable and completely stable. Third, the GEP costs are non-
22 recurring in the sense that OG&E will only incur these costs one time. And finally, the

1 GEP costs are not so significant that they will cause severe financial consequences to the
2 Company if the costs are incurred in a prudent manner and submitted for rate recovery on
3 a timely basis through periodic rate cases.

IV. NECESSARY AND PRUDENTLY-INCURRED PLAN COSTS MAY BE RECOVERABLE THROUGH TRADITIONAL RATE CASES

4 **Q: IS AN ALTERNATIVE RECOVERY MECHANISM NECESSARY IN THIS**
5 **SITUATION?**

6 A: No. The Company has not demonstrated the prudence of its GEP, nor has it sufficiently
7 explained why rider recovery is warranted. The only justification the Company gives for
8 its proposed alternative treatment is the mitigation of regulatory lag. However, in
9 Oklahoma, regulatory lag is not a significant issue. In Oklahoma, utilities update test year
10 investment levels through a 6-month post-test year update period. This post-test year
11 update significantly reduces regulatory lag.

12 For example, if a rate case is filed March 31, 2021, using a December 31, 2020 test
13 year, the investment levels will be updated to June 30, 2021. If the rate case is then
14 processed within the statutorily prescribed 6-month period, an order will likely issue by
15 September 30, 2021, or, if not issued, the Company has the ability to implement an interim
16 rate increase. This means there is only a 3-month period of regulatory lag from June 30,
17 2021 through September 30, 2021. For long-lived assets in the range of 20 to 40 years, a
18 3-month delay in recovery is an immaterial delay. There is an additional delay from the
19 time assets go into service and the end of the update period, so it is up to the utility to time
20 its test year with the bulk of its new asset additions.

1 More important, though, is the concept that as new assets are being added to the
2 balance sheet of a utility, existing assets are being recovered. For example, OG&E
3 collected approximately \$340 million in 2019 through depreciation expense, which lowers
4 its investment levels by approximately that amount.²⁰ Thus, OG&E would have to add
5 more than \$340 million in new investment each year just to keep up with the old
6 investment rolling off its books. This means that the concept of regulatory lag for
7 investment only applies to *incremental* investment. For OG&E, this would be investment
8 in excess of \$340 million each year. Thus, OG&E's regulatory lag problem for grid
9 modernization could be easily mitigated by maintaining investment levels that do not
10 exceed \$340 million in depreciation recoveries each year. In other words, OG&E could
11 strategically plan its grid enhancement and other investments to avoid any regulatory lag
12 problems at all by never adding more in new investment than what it recovers each year
13 for existing assets.

14
15 **Q: COULD THE COMPANY SUFFICIENTLY REDUCE ITS REGULATORY LAG**
16 **ASSOCIATED WITH PRUDENTLY-INCURRED GRID ENHANCEMENT**
17 **COSTS THROUGH TRADITIONAL RATE CASE FILINGS WITHOUT USING**
18 **AN ALTERNATIVE RIDER RECOVERY APPROACH?**

²⁰ See OG&E's Response to AG Data Request 1-19.

1 A: Yes. This can be accomplished by: (1) filing periodic rate cases, (2) using the 6-month
2 post-test year update and (3) ensuring that new investments do not cause a net increase in
3 overall investment levels.
4

5 **Q: WOULD PERIODIC RATE CASES RESOLVE THE CONCERN THAT OG&E'S**
6 **APPLICATION IS INCONSISTANT WITH OKLAHOMA LAW?**

7 A: Yes. In Oklahoma, utilities are not authorized to seek pre-approval for upgrading
8 distribution assets. Instead, Oklahoma law provides that such investments are to be
9 reviewed **after** the assets are installed and brought in through a rate case for a *used and*
10 *useful* determination. This means that a utility would seek approval of a grid
11 modernization investment in phases. The initial phase would involve a limited number of
12 circuits being upgraded and the costs brought into a rate case for approval by the
13 Commission. This would introduce the Commission to the grid modernization benefits (if
14 there are any) and seek Commission approval of this program. The Company would then
15 be able to bring in more upgrades in its next rate case, and so on. Over time, and through
16 several rate cases, the Company could make the necessary upgrades to its distribution grid
17 in a prudent and lawful manner.
18

19 **Q: WHAT JUSTIFICATION DOES THE COMPANY GIVE FOR ITS**
20 **ACCELERATED 5-YEAR TIME FRAME THAT CAUSES ITS PROJECTED**
21 **RATE INCREASES?**

1 A: The Company provides no credible response to this important question. When asked in
2 discovery to “explain why the Company believes it is essential to proceed at the level
3 proposed in this case on the schedule proposed” the Company provided the following
4 response:

5 OG&E considers each part of the proposed Grid Enhancement Plan to be
6 essential to be completed in the timeframe proposed due to the customer
7 benefit and improved reliability offered by the Enhancement projects.²¹

8 However, Mr. Norwood testifies that the reliability increases are miniscule. Since the
9 timing of the implementation is purportedly for the *benefit* of customers, it is important to
10 consider whether customers would prefer an accelerated time frame for recovery of
11 investments that provide insignificant benefits and result in rate increases.

12
13 **Q: HAS THE COMPANY INDICATED IT COULD IMPLEMENT THE GEP OVER**
14 **A LONGER PERIOD OF TIME?**

15 A: Yes. In his testimony Mr. Rowlett indicates that if the Commission does not approve the
16 rider mechanism as the Company requests, the Company will have to reassess the pace of
17 its plan. Specifically, he states:

18 Mitigating lag will enable OG&E to *maintain its financial health* and to
19 move forward with the improvements as planned. Without a reasonable
20 means of mitigating lag, *the Company will have to reassess its ability to*
21 *commit to the planned level of investment in this program and consider*
22 *performing small pieces of the Plan over a much longer period with its*
23 *existing revenues*, which will delay important benefits and potentially
24 essential improvements for customers.²²

²¹ See OG&E’s response to OIEC 10-3.

²² Rowlett Direct, p. 7, lines 11-16.

1 This statement is important for several reasons. First, it indicates that the accelerated pace
2 of OG&E's grid modernization plan, as well as the alternative cost recovery mechanism,
3 are geared more toward maintaining the Company's financial health than providing cost-
4 effective customer benefits. From the customers' perspective, it seems reasonable that the
5 Company *should* reassess the planned level of its investment and the pace of its plan, so
6 that it can perform only necessary upgrades more gradually, with regulatory oversight,
7 while seeking recovery of its costs through traditional means.
8

9 **Q: WHY DO YOU BELIEVE THE COMPANY IS PROPOSING THIS**
10 **ACCELERATED 5-YEAR IMPLEMENTATION PERIOD?**

11 A: The most logical explanation is that the Company seeks to maintain its stock price and
12 growth trajectory. It is commonly understood that higher earnings and rising dividends
13 typically lead to higher stock prices. In the past, utilities depended on fairly constant and
14 reliable load growth to keep revenues increasing and stock prices rising. Now, however,
15 load growth is not increasing at the pace it once did. Instead, growth is more likely to be
16 small or stagnant for many utilities and declining for others. Without significant load
17 growth, it becomes harder for regulated utilities to keep stock prices rising without
18 incurring significant new investment for existing customers. And while utilities have
19 become accustomed to ever-increasing stock values, finding new investment
20 "opportunities" such as grid modernization for the sake of maintaining a utility's
21 escalating stock prices (and financial incentive compensation for management) is not a
22 legitimate goal.

1 Without an increase in sales volumes, revenues remain flat, and company earnings
2 do not increase to support a higher stock price. Without an increase in sales volumes,
3 utilities must turn to increased investment levels to generate higher prices from the existing
4 customer base. These higher investment levels then result in higher sales revenues and
5 higher net income sufficient to support a higher stock price, but this higher stock price
6 comes at the expense of the existing customer base if the new investment does not pay for
7 itself in the way of benefits to customers. The bottom line is, utilities routinely seek ever-
8 increasing investment levels in order to maintain growth trajectory and stock prices when
9 there is stagnant or declining load. Thus, one explanation for the Company's expedited 5-
10 year plan is that spending \$810 million over a 5-year period grows the rate base and
11 supports a higher stock price, while spending a lesser amount over a longer period will
12 not.

**V. OG&E'S COST RECOVERY PLAN SHOULD BE REJECTED FOR PUBLIC
POLICY REASONS**

13 **Q: ARE THERE REASONS FROM A PUBLIC POLICY PERSPECTIVE TO**
14 **REJECT OG&E'S PROPOSED RECOVERY OF ITS GRID ENHANCEMENT**
15 **PLAN AT THIS TIME?**

16 **A:** Yes. Even aside from the fact that Oklahoma law does not authorize the recovery proposed
17 by the Company, and aside from the fact that a modified version of the GEP, could be
18 eligible for cost recovery through traditional, periodic rate cases, from a public policy
19 perspective, this is not a good time for the Commission to be ordering any type of rate

1 increase that is not absolutely essential. The current COVID-19 pandemic has caused
2 severe financial distress throughout the economies of the U.S. and the world. No state has
3 been immune, including Oklahoma. In fact, the current financial distress in Oklahoma is
4 amplified by the added financial impacts of the downturn in oil and gas prices. The
5 combination of these two economic disasters caused unemployment in Oklahoma to rise
6 to double digit levels in May of this year. While unemployment levels have declined since
7 then, a complete recovery is not expected soon. In my opinion, the Commission must take
8 current economic conditions in Oklahoma into consideration when evaluating a multi-year
9 investment initiative that will be very costly to ratepayers without any perceptible benefits.
10 Moreover, the GEP improvements are not essential at this time and certainly not in the
11 accelerated timeframe proposed by the Company.

12 **Q: SHOULD OG&E RECONSIDER IMPLEMENTATION OF ITS GRID**
13 **MODERNIZATION PLAN IN LIGHT OF THE CURRENT FINANCIAL**
14 **DISTRESS IN OKLAHOMA?**

15 A: Yes. In fact, it surprises me that the Company has not already withdrawn its application.
16 Nevertheless, in my opinion, OG&E should suspend implementation of its Grid
17 Enhancement Plan until the impacts of the COVID-19 pandemic have diminished and
18 stabilized. I do not believe ratepayers are supportive of an accelerated (expensive) utility

1 investment plan in the face of this national economic crisis and the very real job losses
2 that Oklahomans are experiencing at this time.

VI. DEFICIENCIES IN OG&E'S RIDER ALLOCATION METHODOLOGIES

3 **Q: WHAT ARE THE DEFICIENCIES IN OG&E'S ALLOCATION**
4 **METHODOLOGIES?**

5 A: OG&E's allocation methodologies contain two deficiencies: (1) OG&E allocates
6 distribution system costs to transmission level customers, in effect, customers that do not
7 take service on the distribution system, and (2) OG&E allocates associated Information
8 Technology ("IT") costs to transmission level customers. I will discuss these deficiencies
9 below.

A. OG&E Improperly Allocates Distribution Infrastructure Costs to
Transmission Level Customers

10 **Q: PLEASE EXPLAIN THE DEFICIENCIES IN OG&E'S ALLOCATION**
11 **METHODOLOGIES THAT ALLOCATE DISTRIBUTION COSTS TO**
12 **TRANSMISSION CUSTOMERS.**

13 A: The Grid Enhancement Plan is focused entirely on OG&E's distribution system, yet
14 significant costs are being allocated to transmission level customers—OG&E's large
15 power and light Service Level 1 and Service Level 2 (SL1 and SL2) customers.²³
16 Moreover, the Company has not identified any material benefits to transmission level

²³ See OG&E's Response to OIEC 5-8_Att.

1 customers, yet many of the costs are being allocated to such customers. This problem is
2 highlighted in OG&E's response to OIEC 7-1:

3 As the Grid Enhancement Plan is focused on distribution investments and
4 does not include any significant transmission investments, the Company
5 did not quantify avoided economic harm for this service level specifically.
6 Any separately unquantified avoided economic harm related to this service
7 level would be above the \$1.4 billion cited in the Company's application.²⁴

8 The Company's response to OIEC 7-7 corroborates the response shown above:

9 The Grid Enhancement Plan is focused on distribution investments
10 therefore no transmission investments were included in the Grid
11 Enhancement forecast.²⁵

12 The Company's response to OIEC 7-11 further demonstrates that transmission customers
13 will receive no benefits from the Grid Enhancement Plan:

14 As the Grid Enhancement Plan is focused on distribution investments and
15 does not include any significant transmission investments, the Company
16 does not believe that the Grid Enhancement plan will impact momentary or
17 short duration outages to customers that take service at transmission
18 voltage.²⁶

19 These responses give us two crucial pieces of information: (1) there is no transmission
20 investment associated with OG&E's GEP and (2) there are no benefits for customers
21 taking service at transmission voltage. This means there should be no costs allocated to
22 transmission level customers.

²⁴ See OG&E's response to OIEC 7-1.

²⁵ See OG&E's response to OIEC 7-7.

²⁶ See OG&E's response to OIEC 7-11.

1 **Q: WHY ARE COSTS BEING ALLOCATED TO TRANSMISSION LEVEL**
2 **CUSTOMERS?**

3 A: OG&E is using a distribution allocation factor from its last rate case that allocates the costs
4 of the GEP improperly to both distribution and transmission customers. However, the
5 GEP assets serve only distribution customers. Cost allocation factors, if developed
6 properly, allocate costs based on cost causation. This generally means that costs are
7 allocated based on the reasons why the costs were incurred. For example, costs incurred
8 to serve transmission level customers would be allocated to transmission customers. Here,
9 as the data request responses discussed above reveal, no costs will be incurred to serve
10 transmission customers; as a result, no costs should be allocated to such customers.

11 When it cannot be determined for whom a particular cost was incurred, analysts
12 may recommend an allocation based on *benefits*. It is common to hear the phrase: *costs*
13 *should follow benefits*. Here, as the data request responses set forth above reveal, there
14 are no *benefits* for transmission level customers. As a result, transmission level customers
15 should be allocated none of the costs.

16
17 **Q: IS IT FAIR THAT TRANSMISSION LEVEL CUSTOMERS PAY FOR NONE OF**
18 **THE GRID ENHANCEMENT PLAN COSTS?**

19 A: Yes. OG&E has incurred substantial transmission investment over the last few years and
20 OG&E anticipates additional transmission investment over the next several years.
21 Transmission customers will be allocated a portion of these costs. In fact, OG&E reports
22 that it plans to spend about \$190 million in transmission investment from 2020 through

1 2024,²⁷ which will place a significant rate burden on Oklahoma's businesses and
2 industries.

3
4 **Q: WHAT SHOULD BE DONE REGARDING ALLOCATION OF GEP COSTS TO**
5 **OG&E CUSTOMER CLASSES?**

6 A: In the event the Commission approves OG&E's requested cost recovery mechanism, the
7 Commission should adopt a cost allocation methodology for such mechanism that
8 allocates costs to the cost causers. In other words, OG&E's SL1 and SL2 customers should
9 not be allocated any GEP costs as such costs do not benefit, or are not caused by, those
10 customers.

B. OG&E Improperly Allocates Distribution IT Costs to Transmission Level
Customers

11 **Q: PLEASE EXPLAIN THE DEFICIENCIES IN OG&E'S ALLOCATION**
12 **METHODOLOGIES THAT ALLOCATE GRID ENHANCEMENT PLAN**
13 **INFORMATION TECHNOLOGY COSTS TO TRANSMISSION CUSTOMERS.**

14 A: As stated above, OG&E's Grid Enhancement Plan is focused entirely on the distribution
15 system. No costs are being incurred for the transmission system and no benefits inure to
16 transmission system customers. Therefore, no costs from this plan should be allocated to
17 transmission system customers. That includes the Information Technology ("IT") costs
18 that support that Grid Enhancement Plan assets.

19

²⁷ See OG&E Investor Update, March 2020 at page 18.

1 **Q: WHY ARE INFORMATION TECHNOLOGY COSTS BEING ALLOCATED TO**
2 **TRANSMISSION LEVEL CUSTOMERS?**

3 A: OG&E is using an IT allocation factor from its last rate case that allocates GEP IT costs
4 to both distribution and transmission customers. Cost allocation factors, if developed
5 properly, allocate costs based on either cost causation or benefits. Here, as discussed
6 above, no IT costs were incurred to serve transmission customers; moreover, no benefits
7 from these IT costs accrue to transmission level customers. As a result, no IT costs should
8 be allocated to transmission level customers.

10 **Q: WHAT SHOULD BE DONE REGARDING ALLOCATION OF IT COSTS TO**
11 **OG&E CUSTOMER CLASSES?**

12 A: The Commission should approve an allocation method which allocates all IT costs for the
13 Grid Enhancement Plan to distribution level customers. Large Power and Light SL1 and
14 SL2 customers should receive no allocation of Grid Enhancement Plan IT costs as such
15 costs are not caused by those customers.

16 **VII. SUMMARY OF RECOMMENDATIONS**

16 **Q: PLEASE SUMMARIZE YOUR POSITION REGARDING OG&E'S**
17 **APPLICATION.**

1. OG&E's GEP attempts to circumvent Oklahoma's pre-approval law.

18 Oklahoma's pre-approval statute, 17 O.S. 286 prescribes only two circumstances
19 in which a utility may seek pre-approval of planned utility investment. A distribution
20 system modernization plan is not among these. OG&E's testimony asserting that the
21 Company does not seek pre-approval of its GEP is because there is no provision in
22 Oklahoma law that would permits it to make such a request.

1 Oklahoma Statute Title 17 O.S. 286 prescribes only two situations in which a
2 utility can seek periodic (rider) rate recovery of certain asset additions. Periodic rate
3 adjustments are authorized in those specific situations because the Oklahoma Legislature
4 has conferred a *presumption of prudence* for utility assets meeting the specific statutory
5 requirements. However, OG&E's GEP does not fit within either of these statutory
6 provisions.

7 OG&E's request in this proceeding, to implement the Company's GEP and begin
8 recovering the costs of these investments from ratepayers—is tantamount to receiving
9 Commission approval, at least tacit approval, of its plan. While the Company maintains
10 that it is *not* seeking pre-approval of the GEP, the Company does seek pre-approval for
11 cost recovery of the plan. This is an improper end-run around applicable statutory
12 provisions.

2. OG&E's plan is inconsistent with Oklahoma's Used and Useful law.

13 Oklahoma law requires that utility assets be *used and useful* before they can be
14 included in rates. In effect, utility assets must be in service (*used*) and providing a net
15 benefit to customers (*useful*). *Used and useful* is a legal designation that only the
16 Commission can confer. A prudence determination must occur *before* a utility investment
17 can be included in rate base. Here, OG&E is asking that a prudence determination, and
18 its associated *used and useful* designation, be made *after* the cost of the investments are
19 already being recovered. In Oklahoma, a utility investment must be found to be *used and*
20 *useful before* it can be included in rates.

3. OG&E's plan is untenable from a financial perspective.

21 The Company seeks temporary rider recovery during the 5-year GEP
22 implementation period. The Company's plan is to seek a prudence review to determine if
23 the investment is indeed used and useful following commencement of recovery of GEP
24 costs. At that point, the revenues collected through the temporary rider would either be
25 retained by the Company or refunded to ratepayers. The problem with this approach is
26 that a delayed determination of imprudence *after* the assets are installed would result in a
27 \$810 million write-off. This result could put the utility into severe financial distress,
28 causing large rate increases to customers through higher interest rates and prepayment
29 requirements.

30 4. OG&E's plan precludes any meaningful prudence review.

31 The Company's plan to postpone a prudence review until after the GEP
32 investment is recovered is irresponsible. The plan to collect revenues, *subject to a refund*,
33 as many as five years in the future may sound good in theory, but it is unworkable in

1 practice. OG&E's plan would reduce the Commission's prudence review to a perfunctory
2 exercise rather than a meaningful evaluation of its investment.

5. Even without the legal barriers, rider treatment for OG&E's GEP is inappropriate.

3 Even without the legal barriers discussed above, OG&E's GEP does not meet the
4 criteria typically required for rider treatment. According to a National Regulatory
5 Research Institute's (NRRI) white paper, public utility commissions traditionally approve
6 cost-trackers under "extraordinary circumstances," when the expenditures meet the
7 following four criteria:

- 8 (1) Largely outside the control of the utility;
- 9 (2) Unpredictable and volatile;
- 10 (3) Substantial and recurring; *and*
- 11 (4) Causing severe financial consequences to the company.

12 As examples, fuel costs and major storm-related *expenses (not capital investments)* can
13 meet these criteria. These costs can be outside of the control of the utility, volatile,
14 substantial and recurring and large enough to impact the financial stability of the utility.

15 OG&E's GEP costs do not meet these four criteria. The costs are not outside of
16 *management's control*; the costs are entirely predictable; the costs are non-recurring; and,
17 the costs are not so significant that they will cause financial harm to the Company if the
18 costs are incurred in a prudent manner and submitted for rate recovery on a timely basis
19 through periodic rate cases.

6. Necessary and prudently-incurred GEP costs could be recovered through traditional rate cases.

20 The sole justification the Company gives for its proposed *alternative* treatment is
21 the mitigation of regulatory lag. However, in Oklahoma, regulatory lag is not a significant
22 issue, as utilities are allowed to update test year investment levels through a 6-month post-
23 test year period update. More important, though, is the fact that regulatory lag only applies
24 to *net* asset additions, which is the amount of new investment over and above depreciation
25 recoveries. OG&E collected approximately \$340 million in 2019 through depreciation
26 expense, which lowers its investment levels by approximately that amount. This means
27 that the concept of regulatory lag only applies to *incremental* investment in excess of \$340
28 million each year. Thus, OG&E could mitigate regulatory lag by reducing GEP
29 investments to a reasonable level such that OG&E's total investment levels do not exceed
30 \$340 million per year on average.

31 This means OG&E could control its regulatory lag problems in Oklahoma without
32 an *alternative* recovery mechanism by: (1) filing periodic rate cases, (2) using the 6-month
33 post-test year update and (3) reducing GEP costs to a reasonable level so as not to cause a
34 material net increase in overall investment levels.

1 Periodic rate cases solve the Company's pre-approval problems. OG&E could
2 seek approval for necessary and prudently-incurred distribution investments after the
3 assets are installed and brought in through a rate case for a *used and useful* determination.
4 Over time, and through several rate cases, the Company could seek recovery of these
5 distribution investments in a prudent and lawful manner.

7. OG&E's cost recovery plan should be rejected for public policy reasons.

6 From a public policy perspective, this is not a good time for the Commission to
7 order a rate increase that is not absolutely essential. The current COVID-19 pandemic has
8 caused severe financial distress and no state is immune from that distress, including
9 Oklahoma. In fact, the current COVID-19 related financial distress in Oklahoma is
10 amplified by the added financial impacts of the downturn in the oil and gas prices. The
11 combination of these two economic disasters has resulted in unemployment levels
12 skyrocketing to double-digit levels in May of this year. A complete financial recovery is
13 not expected any time soon. The Commission should take the current economic condition
14 in Oklahoma in to consideration when considering OG&E's multiyear investment
15 initiative that will be very costly to ratepayers with little benefits associated with the
16 investment. The GEP improvements are not essential at this time and therefore, the
17 Company should suspend implementation of its grid enhancement plan until the impacts
18 of the COVID-19 pandemic have diminished.

8. OG&E improperly allocates distribution costs to transmission level customers.

19 OG&E's GEP is focused entirely on OG&E's distribution system yet significant
20 costs are being allocated to transmission level customers. The Company acknowledges
21 that the GEP contains (1) no investment in transmission infrastructure and (2) no material
22 benefits to transmission level customers. These two facts are highlighted in numerous
23 data request responses. Based on cost causation principles, since no costs will be incurred
24 to serve transmission customers, no costs should be allocated to them. Moreover, since
25 there are no GEP benefits for transmission level customers, no costs should be allocated
26 to such customers based on benefits.

9. OG&E improperly allocates distribution IT costs to transmission level customers.

27 No GEP costs are being incurred for the transmission system and no benefits inure
28 to transmission system customers. Therefore, no costs from this plan should be allocated
29 to transmission system customers. That includes the Information Technology ("IT") costs
30 that support that Grid Enhancement Plan assets. OG&E should allocate all IT costs for
31 the Grid Enhancement Plan to distribution level customers. This means that SL1 and SL2
32 customers should receive no allocation of Grid Enhancement IT costs.

VIII. CONCLUSION

1 **Q: DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**

2 **A: Yes. It does.**

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MARK E. GARRETT

CONTACT INFORMATION:

4028 Oakdale Farm Circle
Edmond, OK 73013
(405) 239-2226

EDUCATION:

Juris Doctor Degree, With Honors, Oklahoma City University Law School, 1997
Post Graduate Hours in Accounting, Finance and Economics, 1984-85:
University of Texas at Arlington; University of Texas at Pan American;
Stephen F. Austin State University
Bachelor of Arts Degree, University of Oklahoma, 1978

CREDENTIALS:

Member Oklahoma Bar Association, 1997, License No. 017629
Certified Public Accountant in Oklahoma, 1992, Certificate No. 11707-R
Certified Public Accountant in Texas, 1986, Certificate No. 48514

WORK HISTORY:

GARRETT GROUP, LLC – Regulatory Consulting Practice (1996 - Present) Participates as a consultant and expert witness in electric utility, natural gas distribution company, and natural gas pipeline matters before regulatory agencies in rate case proceedings to determine just and reasonable rates. Reviews management decisions of regulated utilities regarding the reasonableness of prices paid for electric plant, gas plant, purchased power, renewable energy projects, natural gas supplies and transportation, and coal supplies and transportation. Participates in regulatory proceedings to restructure the electric and natural gas utility industries. Participates as an Instructor at NMSU Center for Public Utilities and as a Speaker at NARUC Staff Subcommittee on Accounting and Finance.

OKLAHOMA CORPORATION COMMISSION - Coordinator of Accounting and Financial Analysis (1991 - 1994) Planned and supervised the audits of major public utility companies doing business Oklahoma for the purpose of determining revenue requirements. Presented both oral and written testimony as an expert witness for Staff in defense of numerous accounting and financial recommendations related to cost-of-service based rates. Audit work and testimony covered all areas of rate base and operating expense. Supervised, trained and reviewed the audit work of numerous Staff CPAs and auditors. Promoted from Supervisor of Audits to Coordinator in 1992.

FREEDOM FINANCIAL CORPORATION - Controller (1987 - 1990) Responsible for all financial reporting including monthly and annual financial statements, cash flow statements, budget reports, long-term financial planning, tax planning and personnel development. Managed the General Ledger and Accounts Payable departments and supervised a staff of seven CPAs and accountants. Reviewed all subsidiary state and federal tax returns and facilitated the annual independent financial audit and all state or federal tax audits. Received promotion from Assistant Controller in September 1988.

SHELBY, RUCKSDASHEL & JONES, CPAs - Auditor (1986 - 1987) Audited the financial statements of businesses in the state of Texas, with an emphasis in financial institutions.

Previous Experience Related to Cost-of-Service, Rate Design, Pricing and Energy-Related Issues

1. **Oklahoma Gas and Electric Company, 2020 (Oklahoma), (Cause No. PUD 202000021)** – Participating as an expert witness on behalf of Oklahoma Industrial Energy Consumers (“OIEC”) before the Oklahoma Corporation Commission in OG&E’s Grid Enhancement Plan application. Sponsoring testimony to address the utility’s proposed cost recovery mechanism and cost of service allocations.
2. **Philadelphia Gas Works, 2020 (Pennsylvania), (Docket No. R-2020-3017206)** – Participating expert witness on behalf of Office of Consumer Advocate (“OCA”) before the Pennsylvania Public Utility Commission to address various revenue requirement issues in PGW’s rate case.
3. **Atmos MidTex (Texas), 2020 (Texas), (Dallas Annual Rate Review)** – Participating as an expert witness on behalf of the City of Dallas before the Texas Railroad Commission in Atmos’s Dallas Annual Rate Review (“DARR”) proceeding. Sponsoring recommendations on various revenue requirement issues.
4. **Southwest Gas Corporation, 2020 (Nevada) (Docket No. 20-02023)** – Participated as an expert witness on behalf of Bureau of Consumer Protection (“BCP”) before the Nevada Public Utility Commission to address various revenue requirement issues.
5. **El Paso Electric Company, 2019 (Texas), (Docket No. 49849)** – Participating as an expert witness on behalf of the City of El Paso in the merger of El Paso Electric Company with Sun Jupiter Holdings LLC and IIF US Holdings 2 LLP to provide recommendations to the Texas Public Utility Commission regarding the treatment of tax issues in the proposed merger agreement.
6. **Nevada Senate Bill 300 Rulemaking, 2019 (Nevada), (Docket No. 19-069008)** – Participating as an expert witness on behalf of the Southern Nevada Gaming Group before the Nevada PUC to assist with the development of alternative ratemaking regulations under SB 300.
7. **Entergy Arkansas, 2019 (Arkansas), (Docket No. 19-020-TF)** – Participating as an expert witness on behalf of the Arkansas industrial consumer group to review EAI’s application to allocate its perceived under-recovery of off-system sales margins to Arkansas customers.
8. **Public Service Company of Oklahoma, 2019 (Oklahoma) (Cause No. PUD 201900201)** – Participating as an expert witness on behalf of OIEC before the OCC in AEP/PSO’s application for approval for the cost recovery of selected wind facilities.
9. **Oklahoma Gas & Electric Co., 2019 (Arkansas) (Docket No. 18-046-FR)** – Participating as an expert witness on behalf of the Arkansas River Valley Energy Consumers (“ARVEC”)¹ before the Arkansas Public Service Commission in OG&E’s Formula Rate Plan application to provide testimony on various revenue requirement, cost of service and rate design issues.
10. **Southwestern Public Service Co., (“SPS”) 2019 (Texas), (Docket No. 49831)** – Participating as an expert witness on behalf of the Alliance of Xcel Municipalities (“AXM”) in the SPS general rate case application to provide testimony before the Texas Public Utility Commission regarding rate base and operating expense issues and sponsor the AXM Accounting Exhibits.
11. **Southwestern Electric Power Company, 2019 (Arkansas), (Docket No. 19-008-U)** – Participated as an expert witness on behalf of Western Arkansas Large Energy Consumers (“WALEC”) before the

¹ ARVEC is an association of industrial manufacturing facilities in northwest Arkansas.

Arkansas Public Service Commission in SWEPCO's rate case to address various revenue requirement and rate design issues.

12. **Anchorage Municipal Light and Power and Chugach Electric Association, 2019 (Alaska), (Docket No. U-19-020)** – Participating as an expert witness before the Regulatory Commission of Alaska on behalf of Providence Health and Services to provide testimony on pending acquisition of ML&P by Chugach to address the proposed acquisition premium and other issues associated with the public interest.
13. **Sierra Pacific Power Company, 2019 (Nevada), (Docket No. 19-06002)** – Participated as an expert witness on behalf of Bureau of Consumer Protection (“BCP”) before the Nevada Public Utility Commission to address various revenue requirement issues.
14. **Air Liquide Hydrogen Energy U.S., 2019 (Nevada), (704B Exit Application)** – Participated as an expert witness on behalf of Air Liquide before the Nevada PUC. Sponsoring written and oral testimony in Air Liquide's application to purchase energy and capacity from a provider other than NV Energy.
15. **Empire District Electric Company, 2019 (Oklahoma), (Cause No. PUD 201800133)** – Participated as an expert witness on behalf of Oklahoma Industrial Energy Consumers (“OIEC”) before the Oklahoma Corporation Commission in Empire's general rate case to address various revenue requirement, rate design and tax issues.
16. **Indiana Michigan Power, 2019 (Indiana), (Docket No. 45235)** – Participating as an expert witness on behalf of the Office of Utility Consumer Counselor in I&M's rate case application, sponsoring testimony to address various revenue requirement and tax issues.
17. **Puget Sound Energy, 2019 (Washington), (Docket No. 190529-30)** – Participating as an expert witness on behalf of Public Counsel in PSE's rate case application, sponsoring testimony to address various revenue requirement and tax issues.
18. **Anchorage Municipal Light and Power, 2019 (Alaska), (Docket No. U-18-102)** – Participating as an expert witness before the Regulatory Commission of Alaska on behalf of Providence Health and Services to provide testimony on the ratemaking treatment of ML&P's acquired interest in the Beluga River Unit gas field with ratepayer funds.
19. **Oklahoma Gas and Electric Company, 2019 (Oklahoma), (Cause No. PUD 201800140)** – Participated as an expert witness on behalf of Oklahoma Industrial Energy Consumers (“OIEC”) before the Oklahoma Corporation Commission in OG&E's General Rate Case application. Sponsoring testimony to address the utility's overall revenue requirement and rate design proposals.
20. **Cascade Natural Gas, 2019 (Washington) (Docket No. 190210)** – Participated as an expert witness on behalf of Public Counsel in Cascade's rate case application. Sponsoring testimony to address various revenue requirement and tax issues.
21. **CenterPoint Energy Houston Electric, 2019 (Texas) (Docket No. 49421)** – Participated as an expert witness on behalf of City of Houston before the Public Utility Commission of Texas in CenterPoint Energy's rate case application to provide testimony on various revenue requirement issues.
22. **Oklahoma Gas & Electric Co., 2018 (Arkansas) (Docket No. 18-046-FR)** – Participated as an

expert witness on behalf of the Arkansas River Valley Energy Consumers (“ARVEC”)² before the Arkansas Public Service Commission in OG&E’s Formula Rate Plan application to provide testimony on various revenue requirement, cost of service and rate design issues.

23. **Southwest Gas Corporation, 2018 (Nevada) (Docket No. 18-05031)** – Participated as an expert witness on behalf of Bureau of Consumer Protection (“BCP”) before the Nevada Public Utility Commission to address various revenue requirement issues.
24. **Puget Sound Energy, 2018 (Washington) (Docket No. UE 18089)** - Participated as an expert witness on behalf of Public Counsel in PSE’s Emergency Rate Relief proceeding. Sponsoring testimony to address the application itself and various revenue requirement and TCJA issues.
25. **Public Service Company of Oklahoma, 2018 (Oklahoma) (Cause No. PUD 201800097)** – Participated as an expert witness on behalf of OIEC before the OCC in AEP/PSO’s general rate case application to provide testimony on various revenue requirement, cost of service and rate design issues.
26. **Entergy Texas Inc., 2018 (Texas) (PUC Docket No. 48371)** – Participated as an expert witness on behalf of the Cities in ETI’s general rate case to provide testimony on various cost of service issues and on the utility’s overall revenue requirement.
27. **Atmos Energy Corp., Mid-Tex Division, 2018 (Texas) (Docket No. GUD No. 10779)** – Participated as an expert witness on behalf of the Atmos Texas Municipalities to review the utility’s requested revenue requirement including TCJA adjustments.
28. **CenterPoint Energy Houston Electric, LLC, 2018 (Texas) (Docket No. 48226)** – Participated as an expert witness on behalf of City of Houston before the Public Utility Commission of Texas in CenterPoint Energy’s application for approval to amend its distribution cost recovery factor (DCRF) to address the utility’s treatment of the Tax Cuts and Jobs Act of 2017 (“TCJA”).
29. **NV Energy, 2018 (Nevada) (Docket No. 17-10001)** – Participated as an expert witness on behalf of the Energy Choice Initiative (“ECI”) before the Governor’s Committee on Energy Choice, in an investigatory docket of an Issue of Public Importance Regarding the Pending Energy Choice Initiative and the Possible Restructuring of Nevada’s Energy Industry.
30. **Southwestern Electric Power Company, 2018 (Texas) (PUC Docket No. 48233)** – Participated as an expert witness on behalf of Cities Advocating Reasonable Deregulation (“CARD Cities”) before the Texas Public Utility Commission in SWEPSCO’s application to implement base rate reductions as result of the Tax Cuts and Jobs Act of 2017 (“TCJA”).
31. **Oncor Electric Delivery Company (Texas), 2018 (PUC Docket No. 48325)** – Participated as an expert witness before the Texas Public Utility Commission in Oncor’s application for authority to decrease rates based on the Tax Cuts and Jobs Act of 2017 (“TCJA”).
32. **Public Service Company of Oklahoma (“PSO”) (Oklahoma), 2018 (Cause No. PUD 201800019)** – Participated as an expert witness on behalf of OIEC before the OCC in AEP/PSO’s application regarding ADIT under the Tax Cuts and Jobs Act of 2017 (“TCJA”).
33. **Oklahoma Natural Gas Company, 2018 (Cause No. PUD 201800028)** – Participated as an expert witness on behalf of the OIEC before the Oklahoma Corporation Commission in ONG’s Performance

² ARVEC is an association of industrial manufacturing facilities in northwest Arkansas.

Based Rate Change Tariff, to address issues involving the impacts of the Tax Cuts and Jobs Act of 2017 (“TCJA”).

34. **Oklahoma Gas & Electric Co. (Arkansas), 2018 (Docket No. 18-006-U** – Participated as an expert on behalf of the Arkansas River Valley Energy Consumers (“ARVEC”) before the Arkansas Public Service Commission in the matter of an Investigation of the Effect on Revenue Requirements Resulting from Changes to Corporate Income Tax Rates under the Tax Cuts and Jobs Act of 2017 (“TCJA”).
35. **Texas Gas Service, 2018** – Participated as a consulting expert on behalf of the City of El Paso regarding implementation of rate changes related to the Tax Cuts and Jobs Act of 2017 (“TCJA”).
36. **Sierra Pacific Power Company (Nevada), 2018 (Docket No. 18-02011 and 18-02015)** – Participated as an expert witness on behalf of the Northern Nevada Utility Customers³ before the Nevada PUC in SPPC’s application related to the Tax Cuts and Jobs Act of 2017 (“TCJA”).
37. **Nevada Power Company (Nevada), 2018 (Docket No. 18-02010 and 18-02014)** – Participated as an expert witness on behalf of the Southern Nevada Gaming Group before the Nevada PUC in NPC’s application related to the Tax Cuts and Jobs Act of 2017 (“TCJA”).
38. **Public Service Company of Oklahoma (“PSO”) (Oklahoma), 2017 (Cause No. PUD 201700572)** – Participated as an expert witness on behalf of OIEC before the OCC in AEP/PSO’s application to examine the impacts of the Tax Cuts and Jobs Act of 2017 (“TCJA”).
39. **Empire District Electric Company (“EPE”) (Oklahoma), 2018 (Cause No. PUD 201700471)** – Participated as an expert witness on behalf of Oklahoma Industrial Energy Consumers (“OIEC”) before the Oklahoma Corporation Commission in Empire’s application to add 800MW of wind. Sponsoring testimony to address the various ratemaking and tax issues.
40. **Oklahoma Gas and Electric Company (“OG&E”), (Oklahoma), 2018 (Cause No. PUD 201700496)** – Participated as an expert witness on behalf of Oklahoma Industrial Energy Consumers (“OIEC”) before the Oklahoma Corporation Commission in OG&E’s General Rate Case application. Sponsoring testimony to address the utility’s overall revenue requirement and rate design proposals.
41. **Public Service Company of Oklahoma (“PSO”) (Oklahoma), 2017 (Cause No. PUD 201700276)** – Participated as an expert witness on behalf of OIEC before the OCC in AEP/PSO’s Wind Catcher case to provide testimony on various ratemaking and tax issues.
42. **Southwestern Public Service Co. (“SPS”) (Texas), 2017 (PUC Docket No. 47527)** – Participating as an expert witness on behalf of the Alliance of Xcel Municipalities (“AXM”) in the SPS general rate case application to provide testimony before the Texas Public Utility Commission regarding rate base and operating expense issues and sponsor the AXM Accounting Exhibits.
43. **Southwestern Electric Power Company, (“SWEPCO”) (Texas), 2017 (PUC Docket No. 47461)** – Participated as an expert witness on behalf of Cities Advocating Reasonable Deregulation (“CARD Cities”) before the Texas Public Utility Commission in SWEPCO’s Wind Catcher case proceeding to provide testimony on various ratemaking and tax issues.
44. **Atmos MidTex (Texas), 2017 (Docket No. 10640)** – Participated as an expert witness on behalf of the City of Dallas before the Texas Railroad Commission in Atmos’s Dallas Annual Rate Review

³ The Northern Nevada Utility Consumers is a group of large commercial and industrial customers in the SPPC service territory.

(“DARR”) proceeding. Sponsoring testimony on various revenue requirement issues.

45. **Avista Utilities (Washington), 2017 (Docket Nos. UE-170485/UG-170486)** – Participated as an expert witness on behalf of Public Counsel in Avista’s general rate case proceeding. Sponsoring testimony to address various revenue requirement issues and Avista’s requested attrition adjustments.
46. **Nevada Power Company (Nevada), 2017 (Docket No. 17-06003)** – Participated as an expert witness on behalf of the Southern Nevada Hotel Group before the Nevada PUC in NPC’s general rate case proceeding. Sponsoring testimony on various revenue requirement, depreciation, and rate design issues.
47. **Anchorage Municipal Light and Power (Alaska), 2017 (Docket No. U-17-008)** – Participating as an expert witness before the Regulatory Commission of Alaska on behalf of Providence Health and Services to provide testimony in ML&P’s General Rate Case on various revenue requirement and rate design issues.
48. **Public Service Company of Oklahoma (Oklahoma), 2017 (Cause No. PUD 201700151)** – Participated as an expert witness on behalf of OIEC before the OCC in AEP/PSO’s general rate case application to provide testimony on various revenue requirement and rate design issues.
49. **Oncor Electric Delivery Company (Texas), 2017 (PUC Docket No. 46957)** – Participated as an expert witness on behalf of the Steering Committee of Cities before the Texas Public Utility Commission in Oncor’s General Rate Case proceeding to provide testimony on various revenue requirement issues.
50. **EverSource (Massachusetts), 2017 (DPU Docket No. 17-05)** – Participated as an expert witness before the Massachusetts Department of Public Utilities EverSource’s General Rate Case application on behalf of Energy Freedom Coalition of America to provide testimony to address various revenue requirement issues.
51. **El Paso Electric Company (Texas), 2017 (PUC Docket No. 46831)** – Participated as an expert witness on behalf of the City of El Paso before the Texas Public Utility Commission in El Paso’s General Rate Case proceeding to provide testimony on various revenue requirement issues.
52. **Atmos Pipeline Texas (Texas), 2017 (Docket No. 10580)** – Participated as an expert witness on behalf of the City of Dallas before the Texas Railroad Commission in APT’s General Rate Case application, sponsoring testimony to address various revenue requirement proposals.
53. **Empire District Electric Company (Oklahoma), 2017 (Cause No. PUD 201600468)** – Participated as an expert witness on behalf of Oklahoma Industrial Energy Consumers (“OIEC”) before the Oklahoma Corporation Commission in Empire’s General Rate Case application. Sponsoring testimony to address the utility’s overall revenue requirement and rate design proposals.
54. **Caesars Enterprise Service, LLC (Nevada), 2016 (704B Exit Application)** – Participated as an expert witness on behalf of Caesars before the Nevada PUC. Sponsoring written and oral testimony in Caesar’s application to purchase energy and capacity from a provider other than Nevada Power.
55. **Southwestern Electric Power Company (Texas), 2016 (PUC Docket No. 46449)** – Participated as an expert witness on behalf of Cities Advocating Reasonable Deregulation (“CARD Cities”) before the Texas Public Utility Commission in SWEPCO’s general rate case proceeding to provide testimony on various revenue requirement issues.
56. **CenterPoint Texas, 2016 (Docket No. 10567)** – Participated as an expert witness on behalf of City

of Houston before the Texas Railroad Commission in CenterPoint's general rate case application, sponsoring testimony to address the utility's overall revenue requirement and various rate design proposals.

57. **Entergy Texas, Inc., 2016 (Docket No. 46357)** – Participated as an expert witness on behalf Cities Served by Applicant before the Texas PUC in ETI's application to amend its Transmission Cost Recovery Factor.
58. **Anchorage Municipal Light and Power, 2016 (Docket No. U-16-060)** – Participated as an expert witness before the Regulatory Commission of Alaska on behalf of Providence Health and Services to provide testimony on the ratemaking treatment of ML&P's acquired interest in the Beluga River Unit gas field with ratepayer funds.
59. **Arizona Public Service Company, 2016 (Docket No. E-01345A-16-0036)** – Participated as an expert witness before the Arizona Corporation Commission in APS's General Rate Case application on behalf of Energy Freedom Coalition of America to provide written and oral testimony to address various revenue requirement issues.
60. **Oklahoma Gas & Electric Co. (Arkansas), 2016 (Docket No. 16-052-U)** – Participated as an expert witness on behalf of the Arkansas River Valley Energy Consumers ("ARVEC")⁴ before the Arkansas Public Service Commission in OG&E's general rate case application to provide testimony on various revenue requirement, cost of service and rate design issues.
61. **Sierra Pacific Power Company (Nevada), 2016 (Docket No. 16-06006)** – Participated as an expert witness on behalf of the Northern Nevada Utility Customers⁵ before the Nevada PUC in SPPC's general rate case proceeding. Sponsored testimony on various revenue requirement, depreciation, and rate design issues.
62. **Tucson Electric Power, 2016 (Docket No. E-01933A-15-0322)** – Participated as an expert witness before the Arizona Corporation Commission in TEP's General Rate Case application, on behalf of Energy Freedom Coalition of America providing written and oral testimony to address the utility's cost of service study and rate design proposals.
63. **Texas Gas Service, 2016 (Docket No. 10506)** – Participated as an expert witness on behalf of El Paso before the Texas Railroad Commission in TGS's General Rate Case application, sponsoring testimony to address the utility's overall revenue requirement and various rate design proposals.
64. **Texas Gas Service, 2016 (Docket No. 10488)** – Participated as an expert witness on behalf of South Jefferson County Service Area ("SJCSA") before the Texas Railroad Commission in TGS's General Rate Case application, sponsoring testimony to address the utility's overall revenue requirement and various rate design proposals.
65. **Oklahoma Gas and Electric Company, 2016 (Cause No. PUD 201500273)** – Participated as an expert witness on behalf of Oklahoma Industrial Energy Consumers ("OIEC") before the Oklahoma Corporation Commission in OG&E's General Rate Case application. Sponsoring testimony to address the utility's overall revenue requirement and rate design proposals.
66. **Oklahoma Gas & Electric Company, 2016 (Cause No. PUD 201500273)** – Participated as an expert witness on behalf of The Alliance for Solar Choice ("TASC") before the Oklahoma

⁴ ARVEC is an association of industrial manufacturing facilities in northwest Arkansas.

⁵ The Northern Nevada Utility Consumers is a group of large commercial and industrial customers in the SPPC service territory.

Corporation Commission to address OG&E's proposed Distributed Generation ("DG") rates for solar DG customers.

67. **Anchorage Municipal Light and Power, 2016 (Docket No. U-13-097)** – Participated as an expert witness before the Regulatory Commission of Alaska on behalf of Providence Health and Services to provide testimony on rates and tariffs proposed for customer-owned combined heat and power plant generation.
68. **Oklahoma Natural Gas Company, 2015 (Cause No. PUD 201500213)** – Participated as an expert witness on behalf of the OIEC before the Oklahoma Corporation Commission in ONG's General Rate Case application. Sponsored testimony to address the utility's overall revenue requirement and rate design proposals.
69. **Oklahoma Gas & Electric Company, 2015 (Cause No. PUD 201500274)** – Participated as an expert witness on behalf of The Alliance for Solar Choice ("TASC") before the Oklahoma Corporation Commission to address OG&E's proposed Distributed Generation ("DG") rates for solar DG customers.
70. **Nevada Power Company, 2015 (Docket No. 15-07004)** – Participated as an expert witness on behalf of the Southern Nevada Hotel Group ("SNHG")⁶ before the Nevada PUC. Sponsoring written and oral testimony in NPC's 2015 Integrated Resource Plan to provide analysis of the On Line transmission line allocation, the Siverhawk plant acquisition, and the Griffith contract termination.
71. **Oklahoma Gas & Electric Company, 2015 (Docket No. 15-034-U)** – Participated as an expert witness on behalf of the Arkansas River Valley Energy Consumers ("ARVEC") before the Arkansas Public Service Commission in OG&E's Act 310 application to implement a rider to recover environmental compliance costs.
72. **MGM Resorts, LLC, 2015 (Docket No. 15-05017)** – Participated as an expert witness on behalf of the MGM Resorts, LLC before the Nevada PUC. Sponsoring written and oral testimony in MGM's application to purchase energy and capacity from a provider other than Nevada Power.
73. **Entergy Arkansas, 2015 (Docket No. 15-015-U)** – Participated as an expert witness on behalf of the Hospital and Higher Education Group ("HHEG") an intervener group that includes the University of Arkansas and several hospitals before the Arkansas PSC in Entergy's general rate case to provide testimony on various revenue requirement issues.
74. **Public Service Company of Oklahoma, 2015 (Cause No. PUD 201500208)** – Participated as an expert witness on behalf of OIEC before the OCC in AEP/PSO's general rate case application to provide testimony on various cost-of-service issues and on the utility's overall revenue requirement and rate design proposals.
75. **Nevada Power Company, 2014 (Docket No. 14-05003)** – Participated as an expert witness on behalf of the Southern Nevada Hotel Group ("SNHG") before the Nevada PUC. Sponsored written and oral testimony in NPC environmental compliance case, called the Emissions Reduction and Capacity Replacement case. The main focus of our testimony was our recommendation to eliminate the \$438M Moapa solar project from the compliance plan.
76. **Nevada Power Company, 2014 (Docket No. 14-05004)** – Participated as an expert witness on behalf of the Southern Nevada Hotel Group before the Nevada PUC to sponsor written and oral testimony in

⁶ The Southern Nevada Hotel Group is comprised of Boyd Gaming, Caesars Entertainment, MGM Resorts, Station Casinos, Venetian Casino Resort, and Wynn Las Vegas.

both the revenue requirement phase and the rate design phase of the proceedings to establish prospective cost-of-service based rates for the power company.

77. **Oklahoma Gas and Electric Co., 2014 (Cause No. PUD 201400229)** – Participated as an expert witness on behalf of Oklahoma Industrial Energy Consumers (“OIEC”) in OG&E’s Environmental Compliance and Mustang Modernization Plan before the Oklahoma Corporation Commission to provide testimony addressing the economics and rate impacts of the plan.
78. **Sourcegas Arkansas, Inc., 2014 (Docket No. 13-079-U)** Participated as an expert witness on behalf of the Hospital and Higher Education Group (“HHEG”), an intervenor group that includes the University of Arkansas and several hospitals before the Arkansas PSC in SGA’s general rate case to provide testimony on various revenue requirement issues.
79. **Anchorage Municipal Light and Power, 2014 (Docket No. U-13-184)** – Participated as an expert witness before the Alaska Regulatory Utility Commission on behalf of Providence Health and Services to provide testimony on various revenue requirement and cost of service issues.
80. **Public Service Company of Oklahoma, 2014 (Cause No. PUD 201300217)** – Participated as an expert witness on behalf of OIEC before the OCC in AEP/PSO’s general rate case application to provide testimony on various cost-of-service issues and on the utility’s overall revenue requirement and rate design proposals.
81. **Entergy Texas Inc., 2013 (PUC Docket No. 41791)** – Participated as an expert witness on behalf of the Cities⁷ in ETI’s general rate case to provide testimony on various cost of service issues and on the utility’s overall revenue requirement.
82. **MidAmerican/NV Energy Merger, 2013 (Docket No. 13-07021)** – Participated as an expert witness on behalf of the Southern Nevada Hotel Group (“SNHG”) before the Nevada PUC. Sponsored testimony to address various issues raised in the proposed acquisition of NV Energy by MidAmerican Energy Holdings Company, including capital structure and acquisition premium recovery issues.
83. **Entergy Arkansas, 2013 (Docket No. 13-028-U)** – Participated as an expert witness on behalf of the Hospital and Higher Education Group (“HHEG”) an intervenor group that includes the University of Arkansas and several hospitals before the Arkansas PSC in Entergy’s general rate case to provide testimony on various revenue requirement issues.
84. **Sierra Pacific Power Company, 2013 (Docket No. 13-06002)** – Participated as an expert witness on behalf of the Northern Nevada Utility Customers⁸ before the Nevada PUC in SPPC’s general rate case proceeding to provide testimony on various cost of service and revenue requirement issues. Sponsored written and oral testimony in the depreciation phase, the revenue requirement phase and the rate design phase of these proceedings.
85. **Gulf Power Company, 2013 (Docket No. 130140-EI)** – Participated as an expert witness on behalf of the Office of Public Counsel before the Florida Commission in Gulf Power’s general rate case proceeding to provide testimony on various revenue requirement issues.
86. **Public Service Company of Oklahoma, 2013 (Cause No. PUD 201200054)** – Participated as an expert witness on behalf of the OIEC before the Oklahoma Corporation Commission (“OCC”) to

⁷ The Cities include Beaumont, Conroe, Groves, Houston, Huntsville, Orange, Navasota, Nederland, Pine Forest, Pinehurst, Port Arthur, Port Neches, Rose City, Shenandoah, Silsbee, Sour Lake, Vidor, and West Orange.

⁸ The Northern Nevada Utility Consumers is a group of large commercial and industrial customers in the SPPC service territory.

provide testimony in PSO's application seeking Commission approval of its settlement agreement with EPA.

87. **Southwestern Electric Power Company, 2012 (PUC Docket No. 40443)** – Participated as an expert witness on behalf of Cities Advocating Reasonable Deregulation (“CARD Cities”) before the Texas Public Utility Commission in SWEPCO's general rate case proceeding to provide testimony on various cost of service issues and on the utility's overall revenue requirement.
88. **Doyon Utilities, 2012 Alaska Rate Case** (Docket No. TA7-717) – Participated as an expert witness consultant on behalf of the Department of Defense to provide expert testimony in twelve rate case reviews for the utility systems of Fort Wainwright, Fort Greely and Joint Base Elmendorf-Richardson before the Regulatory Commission of Alaska.
89. **University of Oklahoma, 2012** – Participated as an expert witness on behalf of the University of Oklahoma to provide expert testimony on various revenue requirement issues in the University's general rate case with the Corix Group, which provides utility services to the University.
90. **Public Service Company of Oklahoma, 2012 (Cause No. PUD 201200079)** – Participated as an expert witness on behalf of the OIEC before the Oklahoma Corporation Commission to provide expert testimony addressing the utility's request to earn additional compensation on a 510MW purchased power agreement with Exelon
91. **Centerpoint Energy Texas Gas, 2012 (Docket No. GUD 10182)** – Participated as an expert witness on behalf of the Steering Committee of Cities before the Texas Railroad Commission to provide expert testimony on various revenue requirement issues.
92. **Entergy Texas Inc., 2012 (PUC Docket No. 39896)** – Participated as an expert witness on behalf of the Cities in ETI's general rate case to provide testimony on various cost of service issues and on the utility's overall revenue requirement.
93. **Oklahoma Natural Gas Company, 2012 (Cause No. PUD 2012-029)** – Participated as an expert witness on behalf of the OIEC before the OCC in ONG's Performance Based Rate (“PBR”) application seeking Commission approval of a requested rate increase based upon formula results for 2011.
94. **University of Oklahoma, 2012** – Assisted the University of Oklahoma with an audit of the costs associated with its six utility operations and its contract with the Corix Group to provide utility services to the university.
95. **Oklahoma Gas and Electric Company, 2012 (Cause No. PUD 2011-186)** – Participated as an expert witness on behalf of the OIEC before the OCC in OG&E's application seeking Commission approval of a special contract with Oklahoma State University and a wind energy purchase agreement in connection therewith.
96. **Empire Electric Company, 2011, (Cause No. PUD 11-082)** – Participated as an expert witness on behalf of Enbridge before the OCC in Empire's rate case to provided testimony in both the revenue requirement and rate design phases of the proceedings to establish prospective cost-of-service based rates for the power company.
97. **Nevada Power Company, 2011, (Docket No. 11-04010)** - Participated as an expert witness on behalf of the Southern Nevada Hotel Group (“SNHG”) before the Nevada PUC. Sponsored written and oral testimony to address proposed changes to the Company's customer deposit rules.

98. **Nevada Power Company, 2011, (Docket No. 11-06006)** - Participated as an expert witness on behalf of the Southern Nevada Hotel Group before the Nevada PUC. Sponsored written and oral testimony in both the revenue requirement phase and the rate design phase of the proceedings to establish prospective cost-of-service based rates for the power company.
99. **Public Service Company of Oklahoma, 2011 (Cause No. PUD 2011-106)** – Participated as an expert witness on behalf of the OIEC before the OCC in PSO’s application seeking rider recovery of third party SPP transmission costs and fees.
100. **Oklahoma Gas and Electric Company, 2011 (Cause No. PUD 2011-087)** – Participated as an expert witness on behalf of OIEC before the OCC in OG&E’s rate case to provided testimony in both the revenue requirement and rate design phases of the proceedings to establish prospective cost-of-service based rates for the power company.
101. **Oklahoma Gas & Electric Company, 2011 (Docket No. 10-109-U)** – Participated as an expert witness on behalf of Gerdau Macsteel before the Arkansas Public Service Commission in OG&E’s application to recover Smart Grid costs to make recommendations regarding the allocation of the Smart Grid costs.
102. **Oklahoma Gas & Electric Company, 2011 (Cause No. PUD 2011-027)** – Participated as an expert witness on behalf of the OIEC before the OCC in OG&E’s application seeking to include retiree medical expense in the Company’s pension tracker mechanism.
103. **Public Service Company of Oklahoma, 2011 (Cause No. PUD 2010-50)** – Participated as an expert witness on behalf of OIEC before the Oklahoma Corporation Commission in AEP/PSO’s application to recover ice storm O&M expenses through a regulatory asset/rider mechanism to address tax impact and return issues in the proposed rider.
104. **Public Service Company of Colorado, 2011 (Docket No. 10AL-908E)** – Participated as an expert witness on behalf of the Colorado Retail Council (“CRC”) before the Colorado Public Utilities Commission providing written and live testimony to address PSCo’s proposed Environmental Tariff.
105. **Oklahoma Gas & Electric Company, 2011 (Docket No. 10-067-U)** – Participated as an expert witness on behalf of the Northwest Arkansas Industrial Energy Consumers (“NWIEC”)⁹ before the Arkansas Public Service Commission in OG&E’s general rate case application to provide testimony on various revenue requirement, cost of service and rate design issues.
106. **Oklahoma Gas & Electric Company, 2010 (Cause No. PUD 2010-146)** – Participated as an expert witness on behalf of the OIEC before the OCC in OG&E’s application seeking rider recovery of third party SPP transmission costs and SPP administration fees.
107. **Massachusetts Electric Co. & Nantucket Electric Co. d/b/a National Grid, 2010 (Docket No. DPU 10-54)** – Participated as an expert witness providing both written and live testimony before the Massachusetts Department of Public Utilities on behalf of the Associated Industries of Massachusetts (“AIM”) to address the Company’s proposed participation in the 438MW Cape Wind project in Nantucket Sound.
108. **Public Service Company of Oklahoma, 2010 (Cause No. PUD 2010-50)** – Participated as an expert witness on behalf of the OIEC before the OCC in AEP/PSO’s general rate case application to provide testimony on various cost-of-service issues and on the utility’s overall revenue requirement and rate

⁹ NWIEC is an association of industrial manufacturing facilities in northwest Arkansas.

design proposals.

109. **Texas-New Mexico Power Co., 2010 (Docket 38480)** – Participated as an expert witness on behalf of the Alliance of Texas Municipalities (“ATM”) before the Texas PUC in TMNP’s general rate case application to address various revenue requirement and rate design issues to establish prospective cost-of-service based rates.
110. **Southwestern Public Service Co., 2010 (PUCT Docket No. 38147)** – Participated as an expert witness on behalf of the Alliance of Xcel Municipalities (“AXM”) in the SPS general rate case application to provide testimony before the Texas Public Utility Commission regarding rate base and operating expense issues and sponsor the AXM Accounting Exhibits.
111. **Oklahoma Gas & Electric Company, 2010 (Cause No. PUD 2010-37)** – Participated as an expert witness on behalf of OIEC before the OCC to address the preapproval and ratemaking treatment of OG&E’s 220MW self-build wind project.
112. **Oklahoma Gas & Electric Company, 2010 (Cause No. PUD 2010-29)** – Participated as an expert witness on behalf of the OIEC before the OCC in OG&E’s application seeking pre-approval of deployment of smart-grid technology and rider-recovery of the associated costs. Sponsored written testimony to address smart-grid deployment and time-differentiated fuel rates.
113. **Public Service Company of Oklahoma, 2010 (Cause No. PUD 2010-01)** – Participated as an expert witness on behalf of the OIEC before the OCC in the Company’s proposed Green Energy Choice Tariff. Sponsored testimony to address the pricing and ratemaking treatment of the Company’s proposed wind subscription tariff.
114. **Nevada Power Company, 2010 (Docket No. 10-02009)** – Participated as an expert witness on behalf of the Southern Nevada Hotel Group (“SNHG”) before the Nevada PUC to provide testimony in NPC’s Internal Resource Plan to address the ratemaking treatment of the proposed ON Line transmission line.
115. **Entergy Texas Inc., 2010 (PUC Docket No. 37744)** – Participated as an expert witness on behalf of the Cities in ETI’s general rate case to provide testimony on various cost of service issues and on the utility’s overall revenue requirement.
116. **El Paso Electric Company, 2010 (PUC Docket No. 37690)** – Participated as an expert witness on behalf of the City of El Paso in the EPI general rate case to provide testimony on various cost of service issues and on the utility’s overall revenue requirement.
117. **Public Service Company of Oklahoma, 2009 (Cause No. 09-196)** – Participated as an expert witness on behalf of the OIEC before the OCC in PSO’s application for approval of DSM programs and cost recovery. Sponsored testimony to address program costs, lost revenue recovery, cost allocations and incentives.
118. **Oklahoma Gas and Electric Company, 2009 (Cause No. PUD 09-230 and 09-231)** – Participated as an expert witness on behalf of OIEC before the OCC in OG&E’s application to add wind resources from two purchased power contracts. Sponsored written testimony to address the proper ratemaking treatment of the contract costs and the renewable energy certificates.
119. **Oklahoma Gas and Electric Company, 2009 (Cause No. PUD 08-398)** – Participated as an expert witness on behalf of OIEC before the OCC in OG&E’s rate case. Provided testimony in both the revenue requirement and rate design phases of the proceedings to establish prospective cost-of-service based rates for the power company.

120. **Nevada Power Company, 2009, (Docket No. 08-12002)** - Participated as an expert witness on behalf of the Southern Nevada Hotel Group before the Nevada PUC. Sponsored written and oral testimony in both the revenue requirement phase and the rate design phase of the proceedings to establish prospective cost-of-service based rates for the power company.
121. **Public Service Company of Oklahoma, 2009 (Cause No. 09-031)** – Participated as an expert witness on behalf of OIEC before the OCC in PSO’s application to add wind resources from two purchased power contracts. Sponsored written testimony to address the proper ratemaking treatment of the contract costs and the renewable energy certificates.
122. **Oklahoma Natural Gas Co., 2009 (Cause No. PUD 08-348)** – Participated as an expert witness on witness on behalf of the OIEC before the OCC in ONG’s application to establish a Performance Based Rate tariff. Sponsored both written and oral testimony to address the merits of the utility’s proposed PBR.
123. **Rocky Mountain Power, 2009 (Docket No. 08-035-38)** – Participated as an expert witness on behalf of the Division of Public Utilities (Staff) in PacifiCorp’s general rate case to provide testimony on various revenue requirement issues.
124. **Texas-New Mexico Power Co., 2008 (Docket 36025)** – Participated as an expert witness on behalf of the Alliance of Texas Municipalities (“ATM”) before the Texas PUC in TMNP’s general rate case application to address various revenue requirement and rate design issues to establish prospective cost-of-service based rates.
125. **Public Service Company of Oklahoma, 2008 (Cause No. 08-144)** – Participated as an expert witness on behalf of the OIEC before the OCC in PSO’s general rate case application to address revenue requirement and rate design issues to establish prospective cost-of-service based rates.
126. **Public Service Company of Oklahoma, 2008 (Cause No. 08-150)** – Participated as an expert witness on behalf of the OIEC before the OCC to address PSO’s calculation of its Fuel Clause Adjustment for 2008.
127. **Oklahoma Gas and Electric Company, 2008 (Cause No. PUD 08-059)** – Participated as an expert witness on behalf of the OIEC before the OCC in OG&E’s application seeking authorization of its Demand Side Management (“DSM”) programs and the establishment of a DSM Rider to recover program costs, lost revenues and utility incentives.
128. **Entergy Gulf States, 2008 (PUC Docket No. 34800, SOAH Docket No. 473-08-0334)** – Participated as an expert witness on behalf of the Cities in EGSI’s general rate case to provide testimony on various cost of service issues and on the utility’s overall revenue requirement.
129. **Public Service Company of Oklahoma, 2008 (Cause No. 07-465)** – Participated as an expert witness on behalf of the OIEC before the OCC in PSO’s application to recover the pre-construction costs of the cancelled Red Rock coal generation facility.
130. **Oklahoma Gas and Electric Company, 2008 (Cause No. 07-447)** – Participated as an expert witness on behalf of the OIEC before the OCC in OG&E’s application seeking authorization to recover the pre-construction costs of the cancelled Red Rock coal generation facility using proceeds from sales of excess SO₂ allowances.
131. **Rocky Mountain Power, 2008 (Docket No. 07-035-93)** – Participated as an expert witness on behalf of Division of Public Utilities (Staff) in PacifiCorp’s general rate case to provide testimony on

various revenue requirement issues.

132. **Public Service Company of Oklahoma, 2008 (Cause No. PUD 07-449)** – Participated as an expert witness on behalf of the OIEC before the OCC in PSO’s application seeking authorization of its Demand Side Management (“DSM”) programs and the establishment of a DSM Rider to recover program costs, lost revenues and utility incentives.
133. **Public Service Company of Oklahoma, 2008 (Cause No. PUD 07-397)** – Participated as an expert witness on behalf of OIEC before the OCC in PSO’s application seeking authorization to defer storm damage costs in a regulatory asset account and to recover the costs using the proceeds from sales of excess SO₂ allowances.
134. **Oklahoma Gas & Electric Co., 2007 (Cause No. PUD 07-012)** – Participated as an expert witness on behalf of OIEC before the OCC in OG&E’s application seeking pre-approval to construct the Red Rock coal plant to address the Company’s proposed rider recovery mechanism.
135. **Oklahoma Natural Gas Co., 2007 (Cause No. PUD 07-335)** – Participated as an expert witness on behalf of the OIEC before the OCC in ONG’s application proposing alternative cost recovery for the Company’s ongoing capital expenditures through the proposed Capital Investment Mechanism Rider (“CIM Rider”). Sponsored testimony to address ONG’s proposal.
136. **Public Service Company of Oklahoma, 2007 (Cause No. PUD 06-030)** – Participated as an expert witness on behalf of the OIEC before the OCC in PSO’s application seeking a used and useful determination for its planned addition of the Red Rock coal plant to address the Company’s use of debt equivalency in the competitive bidding process for new resources.
137. **Public Service Company of Oklahoma, 2006 (Cause No. PUD 06-285)** – Participated as an expert witness on behalf of the OIEC before the OCC in PSO’s general rate case application to address various revenue requirement and rate design issues to establish prospective cost-of-service based rates.
138. **Nevada Power Company, 2007, (Docket No. 07-01022)** - Participated as an expert witness on behalf of the MGM MIRAGE before the Nevada PUC in Nevada Power Company’s deferred energy docket to determine the level of prudent company expenditures for fuel and purchased power.
139. **Nevada Power Company, 2006, (Docket No. 06-11022)** - Participated as an expert witness on behalf of the MGM MIRAGE properties before the Nevada PUC. Sponsored written and oral testimony in both the revenue requirement phase and the rate design phase of the proceedings to establish prospective cost-of-service based rates for the power company.
140. **Southwestern Public Service Co., 2006 (PUCT Docket No. 37766)** – Participated as an expert witness on behalf of the Alliance of Xcel Municipalities (“AXM”) in the SPS general rate case application. Provided testimony before the Texas Public Utility Commission regarding rate base and operating expense issues and sponsored the Accounting Exhibits on behalf of AXM.
141. **Atmos Energy Corp., Mid-Tex Division, 2006 (Texas GUD 9676)** – Participated as an expert witness in the Atmos Mid-Tex general rate case application on behalf of the Atmos Texas Municipalities (“ATM”). Provided written and oral testimony before the Railroad Commission of Texas regarding the revenue requirements of Mid-Tex including various rate base, operating expense, depreciation and tax issues. Sponsored the Accounting Exhibits for ATM.
142. **Nevada Power Company, 2006 (Docket No. 06-06007)** – Participated as an expert witness on behalf of the MGM MIRAGE in the Sinatra Substation Electric Line Extension and Service Contract

case. Provided both written and oral testimony before the Nevada Public Utility Commission to provide the Commission with information as to why the application is consistent with the line extension requirements of Rule 9 and why the cost recovery proposals set forth in the application provide a least cost approach to adding necessary new capacity in the Las Vegas strip area.

143. **Public Service Co. of Oklahoma, 2006 (Cause No. PUD 05-00516)** - Participated as an expert witness on behalf of the OIEC to review PSO's application for a "used and useful" determination of its proposed peaking facility.
144. **Oklahoma Gas and Electric Co., 2006 (Cause No. PUD 06-00041)** – Participated as an expert witness on behalf of the OIEC in OG&E's application to propose an incentive sharing mechanism for SO₂ allowance proceeds.
145. **Chermac Energy Corporation, 2006 (Cause No. PUD 05-00059 and 05-00177)** – Participated as an expert witness on behalf of the OIEC in Chermac's PURPA application. Sponsored written responsive and rebuttal testimony to address various rate design issues arising under the application.
146. **Oklahoma Gas and Electric Co., 2006 (Cause No. PUD 05-00140)** – Participated as an expert witness on behalf of the OIEC in OG&E's 2003 and 2004 Fuel Clause reviews. Sponsored written testimony to address the purchasing practices of the Company, its transactions with affiliates, and the prices paid for natural gas, coal and purchased power.
147. **Nevada Power Company, 2006, (Docket No. 06-01016)** - Participated as an expert witness on behalf of the MGM MIRAGE properties before the Nevada PUC. Sponsored written testimony in NPC's deferred energy docket to determine the level of prudent company expenditures for fuel and purchased power.
148. **Oklahoma Gas and Electric Co., 2005 (Cause No. PUD 05-151)** – Participated as an expert witness on behalf of the OIEC in OG&E's general rate case application. Sponsored both written and oral testimony before the OCC to address various revenue requirement and rate design issues for the purpose of setting prospective cost-of-service based rates.
149. **Oklahoma Natural Gas Co., 2005 (Cause No. PUD 04-610)** – Participated as an expert witness on behalf of the Attorney General of Oklahoma. Sponsored written and oral testimony to address numerous rate base, operating expense and depreciation issues for the purpose of setting prospective cost-of-service based rates.
150. **CenterPoint Energy Arkla, 2004 (Cause No. PUD 04-0187)** – Participated as an expert witness on behalf of the Attorney General of Oklahoma: Sponsored written testimony to provide the OCC with analysis from an accounting and ratemaking perspective of the Co.'s proposed change in depreciation rates from an Average Life Group to an Equal Life Group methodology. Addressed the Co.'s proposed increase in depreciation rates associated with increased negative salvage value calculations.
151. **Public Service Co. of Oklahoma, 2004 (Cause No. PUD 02-0754)** – Participated as an expert witness on behalf of the OIEC. Sponsored written testimony (1) making adjustments to PSO's requested recovery of an ICR programming error, (2) correcting errors in the allocation of trading margins on off-system sales of electricity from AEP East to West and among the AEP West utilities and (3) recommending an annual rather than a quarterly change in the FAC rates.
152. **PowerSmith Cogeneration Project, 2004 (Cause No. PUD 03-0564)** - Participated as an expert witness on behalf of the OIEC to provide the OCC with direction in setting an avoided cost for the PowerSmith Cogeneration project under PURPA requirements. Provided both written and oral testimony on the provisions of the proposed contract under PURPA:

153. **Electric Utility Rules for Affiliate Transactions, 2004 (Cause No. RM 03-0003)** – Participated as a consultant on behalf of the OIEC to draft comments to assist the OCC in developing rules for affiliate transactions. Assisted in drafting the proposed rules. Successful in having the Lower of Cost or Market rule adopted for affiliate transactions in Oklahoma.
154. **Nevada Power Company, 2003, (Docket No. 03-10001)** - Participated as an expert witness on behalf of the MGM MIRAGE properties before the Nevada PUC. Sponsored written and oral testimony in both the revenue requirement phase and the rate design phase of the proceedings to establish prospective cost-of-service based rates for the power company.
155. **Nevada Power Company, 2003, (Docket No. 03-11019)** - Participated as an expert witness on behalf of the MGM MIRAGE before the Nevada PUC in Nevada Power Company's deferred energy docket to determine the level of prudent company expenditures for fuel and purchased power.
156. **Public Service Company of Oklahoma, 2003 (Cause No. PUD 03-0076)** – Participated as an expert witness on behalf of the OIEC before the OCC in PSO's general rate case application to address various revenue requirement and rate design issues to establish prospective cost-of-service based rates.
157. **Oklahoma Gas & Electric Co., 2003 (Cause No. PUD 03-0226)** – Participated as an expert witness on behalf of the OIEC. Provided both written and oral testimony before the OCC to determine the appropriate level to include in rates for natural gas transportation and storage services acquired from an affiliated company.
158. **Nevada Power Company, 2003 (Docket No. 02-5003-5007)** - Participated as an expert witness on behalf of the MGM Mirage before the Nevada PUC. Sponsored written and oral testimony to calculate the appropriate exit fee in MGM Mirage's 661 Application to leave the system.
159. **McCarthy Family Farms, 2003** – Participated as a consultant to assist McCarthy Family Farms in converting a biomass and biosolids composting process into a renewable energy power producing business in California.
160. **Bice v. Petro Hunt, 2003 (ND, Supreme Court No. 20030306)** - Participated as an expert witness in a class certification proceeding to provide cost-of-service calculations for royalty valuation deductions for natural gas gathering, dehydration, compression, treatment and processing fees in North Dakota.
161. **Nevada Power Company, 2003 (Docket No. 03-11019)** - Participated as a consulting expert on behalf of the MGM Mirage before the Nevada PUC in Nevada Power Company's deferred energy docket to determine the level of prudent company expenditures for fuel and purchased power. Provided written and oral testimony on the reasonableness of the cost allocations to the utility's various customer classes.
162. **Wind River Reservation, 2003 (Fed. Claims Ct. No. 458-79L, 459-79L)** – Participated as a consulting expert on behalf of the Shoshone and Arapaho Tribes to provide cost-of-service calculations for royalty valuation deductions for gathering, dehydration, treatment and compression of natural gas and the reasonableness of deductions for gas transportation.
163. **Oklahoma Gas & Electric Co., 2002 (Cause No. PUD 01-0455)** – Participated as an expert witness on behalf of the OIEC before the OCC. Sponsored written and oral testimony on numerous revenue requirement issues including rate base, operating expense and rate design issues to establish prospective cost-of-service based rates.

164. **Nevada Power Company, 2002 (Docket No. 02-11021)** - Participated as an expert witness on behalf of the MGM Mirage before the Nevada PUC in Nevada Power Company's deferred energy docket to determine the level of prudent company expenditures for fuel and purchased power and to make recommendations with respect to rate design.
165. **Nevada Power Company, 2002 (Docket No. 01-11029)** - Participated as a consulting expert on behalf of the MGM Mirage before the Nevada PUC in Nevada Power Company's deferred energy docket to determine the level of prudent company expenditures for fuel and purchased power included in the Company's \$928 million deferred energy balances.
166. **Nevada Power Company, 2002 (Docket No. 01-10001)** - Participated as an expert witness on behalf of the MGM Mirage before the Nevada PUC. Sponsored written and oral testimony in both the revenue requirement phase and the rate design phase of the proceedings to establish prospective cost-of-service based rates for the power company.
167. **Chesapeake v. Kinder Morgan, 2001 (CIV-00-397L)** - Participated as an expert witness on behalf of Chesapeake Energy in a gas gathering dispute. Sponsored testimony to calculate and support a reasonable rate on the gas gathering system. Performed necessary calculations to determine appropriate levels of operating expense, depreciation and cost of capital to include in a reasonable gathering charge and developed an appropriate rate design to recover these costs.
168. **Southern Union Gas Company, 2001** - Participated as a consultant to the City of El Paso in its review of SUG's gas purchasing practices, gas storage position, and potential use of financial hedging instruments and ratemaking incentives to devise strategies to help shelter customers from the risk of high commodity price spikes during the winter months.
169. **Nevada Power Company, 2001** - Participated as an expert witness on behalf of the MGM-Mirage, Park Place and Mandalay Bay Group before the Nevada Public Utility Commission to review NPC's Comprehensive Energy Plan (CEP) for the State of Nevada and make recommendations regarding the appropriate level of additional costs to include in rates for the Company's prospective power costs associated with natural gas and gas transportation, coal and coal transportation and purchased power.
170. **Bridenstine v. Kaiser-Francis Oil Co. et al., 2001 (CJ-95-54)** - Participated as an expert witness on behalf of royalty owner plaintiffs in a valuation dispute regarding gathering, dehydration, metering, compression, and marketing costs. Provided cost-of-service calculations to determine the reasonableness of the gathering rate charged to the royalty interest. Also provided calculations as to the average price available in the field based upon a study of royalty payments received on other wells in the area.
171. **Klatt v. Hunt et al., 2000 (ND)** - Participated as an expert witness and filed report in United States District Court for the District of North Dakota in a natural gas gathering contract dispute to calculate charges and allocations for processing, sour gas compression, treatment, overhead, depreciation expense, use of residue gas, purchase price allocations, and risk capital.
172. **Oklahoma Gas and Electric Co., 2000 (Cause No. PUD 00-0020)** - Participated as an expert witness on behalf of the OIEC before the OCC. Sponsored testimony on OG&E's proposed Generation Efficiency Performance Rider (GEPR). Provided a list of criteria with which to measure a utility's proposal for alternative ratemaking. Recommended modifications to the Company's proposed GEPR to bring it within the boundaries of an acceptable alternative ratemaking formula.
173. **Oklahoma Gas and Electric Co., 1999** - Participated as an expert witness on behalf of the OIEC before the OCC. Sponsored testimony on OG&E's proposed Performance Based Ratemaking (PBR)

proposal including analysis of the Company's regulated return on equity, fluctuations in the capital investment and operating expense accounts of the Company and the impact that various rate base, operating expense and cost of capital adjustments would have on the Company's proposal.

174. **Nevada Power Company, 1999 (Docket No. 99-7035)** - Participated as an expert witness on behalf of the Mirage, Park Place and Mandalay Bay Group before the Nevada PUC. Sponsored written and oral testimony addressing the appropriate ratemaking treatment of the Company's deferred energy balances, prospective power costs for natural gas, coal and purchased power and deferred capacity payments for purchased power.
175. **Nevada Power Company, 1999 (Docket No. 99-4005)** - Participated as an expert witness on behalf of the Mirage, Park Place and Mandalay Bay Group before the Nevada PUC. Sponsored written and oral testimony to unbundle the utility services of the NPC and to establish the appropriate cost-of-service allocations and rate design for the utility in Nevada's new competitive electric utility industry.
176. **Nevada Power Company, 1999 (Docket No. 99-4005)** - Participated as an expert witness on behalf of the Mirage, Park Place and Mandalay Bay Group before the Nevada PUC. Sponsored written and oral testimony to establish the cost-of-service revenue requirement of the Company.
177. **Nevada Power/Sierra Pacific Merger, 1998 (Docket No. 98-7023)** - Participated as an expert witness on behalf of the Mirage and MGM Grand before the Nevada PUC. Sponsored written and oral testimony to establish (1) appropriate conditions on the merger (2) the proper sequence of regulatory events to unbundle utility services and deregulate the electric utility industry in Nevada (3) the proper accounting treatment of the acquisition premium and the gain on divestiture of generation assets. The recommendations regarding conditions on the merger, the sequence of regulatory events to unbundle and deregulate, and the accounting treatment of the acquisition premium were specifically adopted in the Commission's final order.
178. **Oklahoma Natural Gas Company, 1998 (Cause No. PUD 98-0177)** - Participated as an expert witness in ONG's unbundling proceedings before the OCC. Sponsored written and oral testimony on behalf of Transok, LLC to establish the cost of ONG's unbundled upstream gas services. Substantially all of the cost-of-service recommendations to unbundle ONG's gas services were adopted in the Commission's interim order.
179. **Public Service Company of Oklahoma, 1997 (Cause No. PUD 96-0214)** - Audited both rate base investment and operating revenue and expense to determine the Company's revenue requirement and cost-of-service. Sponsored written testimony before the OCC on behalf of the OIEC.
180. **Oklahoma Natural Gas /Western Resources Merger, 1997 (Cause No. PUD 97-0106)** - Sponsored testimony on behalf of the OIEC regarding the appropriate accounting treatment of acquisition premiums resulting from the purchase of regulated assets.
181. **Oklahoma Gas and Electric Co., 1996 (Cause No. PUD 96-0116)** - Audited both rate base investment and operating income. Sponsored testimony on behalf of the OIEC for the purpose of determining the Company's revenue requirement and cost-of-service allocations.
182. **Oklahoma Corporation Commission, 1996** - Provided technical assistance to Commissioner Anthony's office in analyzing gas contracts and related legal proceedings involving ONG and certain of its gas supply contracts. Assignment included comparison of pricing terms of subject gas contracts to portfolio of gas contracts and other data obtained through annual fuel audits analyzing ONG's gas purchasing practices.
183. **Tenkiller Water Company, 1996** - Provided technical assistance to the Attorney General of

Oklahoma in his review of the Company's regulated cost-of-service for the purpose of setting prospective utility rates.

184. **Arkansas Oklahoma Gas Company, 1995 (Cause No. PUD 95-0134)** - Sponsored written and oral testimony before the OCC on behalf of the Attorney General of Oklahoma regarding the price of natural gas on AOG's system and the impact of AOG's proposed cost of gas allocations and gas transportation rates and tariffs on AOG's various customer classes.
185. **Enogex, Inc., 1995 (FERC 95-10-000)** - Analyzed Enogex's application before the FERC to increase gas transportation rates for the Oklahoma Independent Petroleum Association and made recommendations regarding revenue requirement, cost-of-service and rate design on behalf of independent producers and shippers.
186. **Oklahoma Natural Gas Company, 1995 (Cause No. PUD 94-0477)** - Analyzed a portfolio of ONG's gas purchase contracts in the Company's Payment-In-Kind (PIC) gas purchase program and made recommendations to the OCC Staff on behalf of Terra Nitrogen, Inc. regarding the inappropriate profits made by ONG on the sale of the gas commodity through the PIC program pricing formula. Also analyzed the price of gas on ONG's system, ONG's cost-of-service based rates, and certain class cross-subsidizations in ONG's existing rate design.
187. **Arkansas Louisiana Gas Company, 1994 (Cause No. PUD 94-0354)** - Planned and supervised the rate case audit for the OCC Staff and reviewed the workpapers and testimony of the other auditors on the case. Sponsored cost-of-service testimony on cash working capital and developed policy recommendations on post test year adjustments.
188. **Empire District Electric Company, 1994 (Cause No. PUD 94-0343)** - Planned and supervised the rate case audit for the OCC Staff and reviewed the workpapers and testimony of other auditors. Sponsored cost-of-service testimony on rate base investment areas including cash working capital.
189. **Oklahoma Natural Gas Company, 1992 through 1993 (Cause No. PUD 92-1190)** - Planned and supervised the rate case audit of ONG for the OCC Staff. Reviewed all workpapers and testimony of the other auditors on the case. Sponsored written and oral testimony on numerous cost-of-service adjustments. Analyzed ONG's gas supply contracts under the Company's PIC program.
190. **Oklahoma Gas and Electric Company, 1991 through 1992 (Cause No. PUD 91-1055)** - Audited the rate base, operating revenue and operating expense accounts of OG&E on behalf of the OCC Staff. Sponsored written and oral testimony on numerous revenue requirement adjustments to establish the appropriate level of costs to include for the purpose of setting prospective rates.

CERTIFICATE OF MAILING

This is to certify that on this 25th day of August, 2020, a true and correct copy of the above and foregoing was emailed, addressed to:

Mr. William L. Humes
Mr. Dominic Williams
Oklahoma Gas and Electric Company
P.O. Box 321
Oklahoma City, Oklahoma 73101
humeswl@oge.com
williado@oge.com
reginfo@oge.com

Mr. Brandy L. Wreath
Mr. Geoffrey Rush
Ms. Lauren Willingham
Oklahoma Corporation Commission
Jim Thorpe Building
2101 North Lincoln Boulevard
Oklahoma City, Oklahoma 73105
Brandy.Wreath@occ.ok.gov
Geoffrey.Rush@occ.ok.gov
Lauren.willingham@occ.ok.gov

Mr. Jared B. Haines
Mr. A. Chase Snodgrass
Office of Oklahoma Attorney General
313 N.E. 21st Street
Oklahoma City, Oklahoma 73105
jared.haines@oag.ok.gov
chase.snodgrass@oag.ok.gov
utilityregulation@oag.ok.gov

Mr. Michael Velez
Oklahoma Corporation Commission
Jim Thorpe Building
2101 North Lincoln Boulevard
Oklahoma City, Oklahoma 73105
Michael.Velez@occ.ok.gov
PUDEnergy@occ.ok.gov

Mr. Rick D. Chamberlain
Behrens, Wheeler & Chamberlain
6 Northeast 63rd Street, Suite 400
Oklahoma City, OK 73105
rick@chamberlainlawoffices.com

Ms. Deborah R. Thompson
OK Energy Firm, PLLC
P.O. Box 54632
Oklahoma City, Oklahoma 73154
dthompson@okenergyfirm.com

Mr. Jack G. Clark, Jr.
Clark, Wood & Patten, P.C.
3545 Northwest 58th Street, Suite 400
Oklahoma City, Oklahoma 73112
cclark@cswp-law.com

Mr. Ronald E. Stakem
Cheek & Falcone, PLLC
6301 Waterford Boulevard, Suite 320
Oklahoma City, Oklahoma 73118
rstakem@cheekfalcone.com


Mr. Jack P. Fite
White, Coffey & Fite, P.C.
2200 Northwest 50th Street, Suite 210
Oklahoma City, Oklahoma 73112
jfite@wcgflaw.com

Mr. Curtis M. Long
Conner & Winters, LLP
4000 Williams Center
Tulsa, OK 74172
CLong@cwlaw.com

Ms. Ellen Edwards
Oklahoma Municipal Power Authority
P.O. Box 1960
Edmond, Oklahoma 73013
eedwards@ompa.com

Mr. Mark A. Davidson
4385 S. Air Depot Blvd., Rm. 204
Tinker AFB, OK 73145
mark.davidson.3@us.af.mil

Mr. Thomas A. Jernigan
Mr. Robert J. Friedman
Mr. Scott L. Kirk
USAF Utility Law Field Support Center
139 Barnes Dr., Ste. 1
Tyndall AFB, FL 32403
thomas.jernigan.3@us.af.mil
robert.friedman.5@us.af.mil
scott.kirk.2@us.af.mil


Thomas P. Schroedter