

BEFORE THE  
ARKANSAS PUBLIC SERVICE COMMISSION

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

SURREBUTTAL EXHIBITS

OF

JEFF HILTON  
DIRECTOR OF REVENUE REQUIREMENTS

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

MARCH 30, 2017

TEST YEAR ENDED JUNE 30, 2016

## SUMMARY OF OPERATIONS

(1)	(2)	(3)
Line	<u>Description</u>	Arkansas Jurisdiction <u>By Staff</u>
<u>No.</u>		
1	Adjusted Rate Base	\$ 519,180,569
2	Adjusted Operating Revenue	\$ 85,662,296
3	Adjusted Operating Expense	\$ 69,000,945
4	Adjusted Operating Income	\$ 16,661,350
5	Current Rate of Return	3.21%
6	Required Rate of Return	5.36%
7	Required Operating Income	\$ 27,828,079
8	Operating Income Deficiency	\$ 11,166,729
9	Revenue Conversion Factor	1.6272
10	Revenue Deficiency (Excess)	\$ 18,170,088
11	Total Revenue Requirement	\$ 103,832,384
12	Less: Other Revenues	\$ 326,181
13	Total Rate Schedule Revenue Requirement	\$ 103,506,203

OKLAHOMA GAS & ELECTRIC COMPANY  
DOCKET NO. 16-052-U  
TEST YEAR ENDED JUNE 30, 2016  
SUMMARY OF RATE BASE

SURREBUTTAL EXHIBIT JH-2  
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(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Description	Total Company June 30, 2016	Staff Adjustments	As Adjusted By Staff	Arkansas Jurisdiction
1	Gross Utility Plant-In-Service	\$ 10,516,997,506	\$ (743,574,111)	\$ 9,773,423,395	\$ 777,898,274
2	Less: Accumulated Depreciation	<u>\$ 3,743,945,772</u>	<u>\$ 144,088,157</u>	<u>\$ 3,888,033,928</u>	<u>\$ 311,230,998</u>
3	Net Utility Plant-In-Service	<u>\$ 6,773,051,734</u>	<u>\$ (887,662,268)</u>	<u>\$ 5,885,389,467</u>	<u>\$ 466,667,275</u>
4	Plant Held for Future Use	\$ 2,749,679	\$ (2,749,679)	\$ -	\$ -
5	Construction Work in Progress	\$ 319,442,382	\$ (319,442,382)	\$ -	\$ -
6	Working Capital Assets	\$ 1,391,230,900	\$ (950,740,123)	\$ 440,490,777	44,008,172
7	Other	<u>\$ 111,541,346</u>	<u>\$ (11,318,916)</u>	<u>\$ 100,222,430</u>	<u>\$ 8,505,122</u>
8	Total Rate Base	<u><u>\$ 8,598,016,041</u></u>	<u><u>\$ (2,171,913,368)</u></u>	<u><u>\$ 6,426,102,674</u></u>	<u><u>\$ 519,180,569</u></u>

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(1) Line No.	(2) Staff's Adj. No.	(3) Description	(4) Staff Witness	(5) Total Company Adjustments
1		<u>Adjustments to Utility Gross Plant-In-Service</u>		
2	RB-1	Holding Co. Assets	Matthews \$	(21,999,807)
3	RB-2	CWIP to Plant	Matthews	-
4	RB-3	Additions & Retirements	Matthews	291,493,106
5	RB-4	Windspeed	Matthews	(73,277,168)
6	RB-6	Transmission LSE	Matthews	(886,125,226)
7	RB-13	ARO Removal	Matthews	(53,309,326)
8	RB-14	AFUDC Adjustment	Matthews	(355,690)
9		Total Adjustments to Utility Gross Plant-In-Service		\$ (743,574,111)
10		<u>Adjustments to Accumulated Depreciation</u>		
11	RB-1	Holding Co. Assets	Matthews \$	(19,658,308)
12	RB-4	Windspeed	Matthews	(10,123,731)
13	RB-5	Depreciation Rate Differential (1986-2006)	Matthews	66,927,191
14	RB-6	Transmission LSE	Matthews	(42,879,613)
15	RB-7	Depreciation Rate Differential (2011-2016)	Matthews	(91,274,775)
16	RB-8	A/D thru 2017	Matthews	219,202,091
17	RB-13	ARO Removal	Matthews	21,895,302
18		Total Adjustments to Accumulated Depreciation		144,088,157
19		<u>Adjustment to Plant Held for Future Use</u>		
20	RB-12	Future Use Plant	Witness	(2,749,679)
21		Total Adjustments to Plant Held for Future Use		(2,749,679)
22		<u>Adjustment to Construction Work In Progress</u>		
23	RB-2	CWIP to Plant	Matthews	-
24	RB-9	CWIP Removal	Matthews	(319,442,382)
25		Total Adjustments to Construction Work In Progress		(319,442,382)
26		<u>Adjustments to Working Capital Assets</u>		
27	RB-10	WCA	Taylor	(950,740,123)
28		Total Adjustments to Working Capital Assets		(950,740,123)
29		<u>Adjustments to Other Rate Base</u>		
30	RB-11	Non-Utility Property	Matthews	(2,997,270)
31	RB-15	Acquisition Adjustment	Matthews	(8,321,646)
32		Total Adjustments to Other Rate Base		(11,318,916)
33		Total Rate Base Adjustments		<u>\$ (2,171,913,368)</u>

OKLAHOMA GAS & ELECTRIC COMPANY  
DOCKET NO. 16-052-U  
TEST YEAR ENDED JUNE 30, 2016  
STATEMENT OF INCOME AND EXPENSE

SURREBUTTAL EXHIBIT JH-4  
PAGE 1 OF 1

(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Description	Total Company June 30, 2016	Staff Adjustments	As Adjusted By Staff	Arkansas Jurisdiction
1	<u>Operating Revenue</u>				
2	Rate Schedule Revenues	\$ 2,267,182,260	\$ (1,008,481,174)	\$ 1,258,701,086	\$ 85,336,115
3	Other Operating Revenues	\$ 16,746,435	\$ (310,792)	\$ 16,435,643	\$ 326,181
4	Total Operating Revenue	<u>\$ 2,283,928,695</u>	<u>\$ (1,008,791,966)</u>	<u>\$ 1,275,136,729</u>	<u>\$ 85,662,296</u>
5	<u>Operating Expenses</u>				
6	Fuel	\$ 408,527,357	\$ (408,527,357)	\$ -	\$ -
7	Purchased Power	\$ 359,310,601	\$ (359,310,601)	\$ -	\$ -
8	Production Expense	\$ 205,839,537	\$ (74,013,819)	\$ 131,825,718	\$ 14,162,781
9	Transmission Expense	\$ 138,161,227	\$ (118,378,355)	\$ 19,782,872	\$ 1,322,846
10	Regional Market Expenses	\$ 8,114,986	\$ (8,114,986)	\$ -	\$ -
11	Distribution Expense	\$ 78,992,738	\$ (2,241,922)	\$ 76,750,816	\$ 8,268,511
12	Customer Accounts Expense	\$ 21,711,738	\$ (2,421,371)	\$ 19,290,368	\$ 1,870,741
13	Customer Service & Information Expense	\$ 39,813,132	\$ (33,879,130)	\$ 5,934,002	\$ 563,039
14	Sales Expense	\$ 3,626,248	\$ (50,621)	\$ 3,575,627	\$ 328,305
15	Administrative & General Expense	\$ 138,284,963	\$ (9,249,317)	\$ 129,035,646	\$ 12,420,218
16	Depreciation & Amortization Expense	\$ 300,159,811	\$ 1,008,593	\$ 301,168,404	\$ 23,534,197
17	Taxes Other Than Income Taxes	\$ 88,019,316	\$ (7,552,617)	\$ 80,466,699	\$ 6,727,471
18	Total Operating Expense	<u>\$ 1,790,561,654</u>	<u>\$ (1,022,731,502)</u>	<u>\$ 767,830,152</u>	<u>\$ 69,198,109</u>
19	Federal & State Income Tax	<u>\$ 99,209,471</u>	<u>\$ 17,406,995</u>	<u>\$ 116,616,466</u>	<u>\$ (197,163)</u>
20	Total Expenses	<u>\$ 1,889,771,125</u>	<u>\$ (1,005,324,507)</u>	<u>\$ 884,446,618</u>	<u>\$ 69,000,945</u>
21	Net Utility Operating Income (Loss)	<u>\$ 394,157,571</u>	<u>\$ (3,467,459)</u>	<u>\$ 390,690,112</u>	<u>\$ 16,661,350</u>

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Line	Staff's		Staff	Operating		Purchased	Production	Transmission	Regional Mkt
No.	Adj.	Description	Witness	Revenue	Fuel	Power	Expense	Expense	Expense
1	IS-1	Over/Under Revenues	Brooks	\$ (9,897,948)	\$ -	\$ -	\$ -	\$ -	\$ -
2	IS-2	Energy Cost Recovery	Brooks	(685,926,011)	-	-	-	-	-
3	IS-3	Non-Fuel Rider Revenues	Brooks	(131,408,744)	-	-	-	-	-
4	IS-4	Day Ahead Pricing	Swaim	-	-	-	-	-	-
5	IS-5	Large Customer Adjustments	Swaim	-	-	-	-	-	-
6	IS-6	Year End Customer Average	Swaim	-	-	-	-	-	-
7	IS-7	Weather	Swaim	-	-	-	-	-	-
8	IS-8	Renewable Energy Program	Swaim	-	-	-	-	-	-
9	IS-9	Growth	Swaim	85,336,115	-	-	-	-	-
10	IS-10	Revenue Not At Issue	Brooks	(266,584,586)	-	-	-	-	-
11	IS-11	Riders Rolled Into Base Rates	Hilton	-	-	-	-	-	-
12	IS-12	Pensions, Medical & Other Employee Costs	Robertson	-	-	-	-	-	-
13	IS-13	Advertising	Eggleton	-	-	-	-	-	-
14	IS-14	Insurance Expense 2016/2017	Eggleton	-	-	-	-	-	-
15	IS-15	Air Quality Control Systems	Eggleton	-	-	-	3,566,102	-	-
16	IS-16	Payroll Adjustment At Test Year End	Robertson	-	-	-	745,629	137,670	-
17	IS-17	Payroll Taxes	Robertson	-	-	-	-	-	-
18	IS-18	Regulatory Expense	Eggleton	-	-	-	-	-	-
19	IS-19	Bad Debt Expense	Eggleton	-	-	-	-	-	-
20	IS-20	Pension, Opeb & Medical Amortization (2013)	Robertson	-	-	-	-	-	-
21	IS-21	Southwest Power Pool Expense	Eggleton	-	-	-	-	174,136	-
22	IS-22	Vegetation Management	Eggleton	-	-	-	-	62,866	-
23	IS-23	Dpr Expense Removal	Brooks	-	-	-	-	-	-
24	IS-24	Removal Of Transmission Cost Recovery Rider	Brooks	-	-	-	-	(54,018,308)	(8,114,986)
25	IS-25	Fuel Removal Related To Revenue Adjustments	Brooks	-	(408,527,357)	(359,310,601)	(3,762,340)	-	-
26	IS-26	Depreciation And Amortization	Matthews	-	-	-	-	-	-
27	IS-27	2013 Pension Settlement Amortization	Robertson	-	-	-	-	-	-
28	IS-28	Removal Of Regulatory Asset Amortization	Eggleton	-	-	-	(51,842)	(53,095)	-
29	IS-29	Ad Valorem Taxes	Matthews	-	-	-	-	-	-
30	IS-30	Acquisition Adjustment Amortization	Matthews	-	-	-	-	-	-
31	IS-31	Eecr Expense Removal	Brooks	-	-	-	-	-	-
32	IS-32	Storm Cost Recovery	Eggleton	-	-	-	(25,762)	(26,362)	-
33	IS-33	Entertainment, Gifts And Other	Brooks	-	-	-	-	-	-
34	IS-34	Transmission Expenses Recovered From Lse'S	Brooks	-	-	-	-	(7,305,164)	-
35	IS-35	Eliminate Revenue & Expense To/From Og&E	Brooks	-	-	-	(75,241,107)	(57,290,566)	-
36	IS-36	Smart Grid Amortization For Regulatory Assets	Eggleton	-	-	-	-	-	-
37	IS-37	Team Share And Related Taxes	Robertson	-	-	-	(206,137)	(38,060)	-
38	IS-38	LTI and Related Taxes	Robertson	-	-	-	(1,795,641)	(331,539)	-
39	IS-39	Enable Reimbursements	Eggleton	-	-	-	1,679,382	310,068	-
40	IS-40	Amortization Of Accumulated Depr Differential	Matthews	-	-	-	-	-	-
41	IS-41	Income Taxes	Taylor	-	-	-	-	-	-
42	IS-42	Contract Labor Security	Robertson	-	-	-	1,077,897	-	-
43	IS-43	Relocation Expense	Robertson	-	-	-	-	-	-
44	IS-44	Severance Expense	Robertson	-	-	-	-	-	-
45	IS-45	Other Revenues	Brooks	(310,792)	-	-	-	-	-
46		TOTAL ADJUSTMENTS		(1,008,791,966)	(\$408,527,357)	(\$359,310,601)	(\$74,013,819)	(\$118,378,355)	(\$8,114,986)

(1)	(2)	(3)	(4)	(11)	(12)	(13)	(14)	(15)	(16)
Line	Staff's		Staff	Distribution	Customer	Customer	Sales	Admin &	Depreciation
No.	Adj.	Description	Witness	Expense	Accounts	Information	Expense	General	Expense
	No.				Expense	Expense		Expense	Expense
1	IS-1	Over/Under Revenues	Brooks	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	IS-2	Energy Cost Recovery	Brooks	-	-	-	-	-	-
3	IS-3	Non-Fuel Rider Revenues	Brooks	-	-	-	-	-	-
4	IS-4	Day Ahead Pricing	Swaim	-	-	-	-	-	-
5	IS-5	Large Customer Adjustments	Swaim	-	-	-	-	-	-
6	IS-6	Year End Customer Average	Swaim	-	-	-	-	-	-
7	IS-7	Weather	Swaim	-	-	-	-	-	-
8	IS-8	Renewable Energy Program	Swaim	-	-	-	-	-	-
9	IS-9	Growth	Swaim	-	-	-	-	-	-
10	IS-10	Revenue Not At Issue	Brooks	-	-	-	-	-	-
11	IS-11	Riders Rolled Into Base Rates	Hilton	-	-	-	-	-	-
12	IS-12	Pensions, Medical & Other Employee Costs	Robertson	-	-	-	-	(6,116)	-
13	IS-13	Advertising	Eggleton	-	-	(3,240,698)	(48,902)	(7,300)	-
14	IS-14	Insurance Expense 2016/2017	Eggleton	-	-	-	-	(200,988)	-
15	IS-15	Air Quality Control Systems	Eggleton	-	-	-	-	-	-
16	IS-16	Payroll Adjustment At Test Year End	Robertson	455,365	131,074	72,200	40,873	457,767	-
17	IS-17	Payroll Taxes	Robertson	-	-	-	-	-	-
18	IS-18	Regulatory Expense	Eggleton	-	-	-	-	(5,727,906)	-
19	IS-19	Bad Debt Expense	Eggleton	-	(2,495,772)	-	-	-	-
20	IS-20	Pension, Opeb & Medical Amortization (2013)	Robertson	-	-	-	-	175,494	-
21	IS-21	Southwest Power Pool Expense	Eggleton	-	-	-	-	-	-
22	IS-22	Vegetation Management	Eggleton	812,061	-	-	-	-	-
23	IS-23	Dpr Expense Removal	Brooks	-	-	(25,048,642)	-	-	-
24	IS-24	Removal Of Transmission Cost Recovery Rider	Brooks	-	-	-	-	-	-
25	IS-25	Fuel Removal Related To Revenue Adjustments	Brooks	-	-	-	-	-	-
26	IS-26	Depreciation And Amortization	Matthews	-	-	-	-	-	(4,269,753)
27	IS-27	2013 Pension Settlement Amortization	Robertson	-	-	-	-	1,746,210	-
28	IS-28	Removal Of Regulatory Asset Amortization	Eggleton	(4,362,140)	-	(473)	-	-	(214,317)
29	IS-29	Ad Valorem Taxes	Matthews	-	-	-	-	-	-
30	IS-30	Acquisition Adjustment Amortization	Matthews	-	-	-	-	-	5,492,663
31	IS-31	Eecr Expense Removal	Brooks	-	-	(5,729,531)	-	-	-
32	IS-32	Storm Cost Recovery	Eggleton	688,749	-	-	-	-	-
33	IS-33	Entertainment, Gifts And Other	Brooks	-	-	-	(24,919)	(1,371,735)	-
34	IS-34	Transmission Expenses Recovered From Lse'S	Brooks	-	-	-	-	(4,661,125)	-
35	IS-35	Eliminate Revenue & Expense To/From Og&E	Brooks	-	-	-	-	-	-
36	IS-36	Smart Grid Amortization For Regulatory Assets	Eggleton	360,938	-	99,231	-	-	-
37	IS-37	Team Share And Related Taxes	Robertson	(125,890)	(36,237)	(19,960)	(11,300)	(126,554)	-
38	IS-38	LTI And Related Taxes	Robertson	(1,096,621)	(315,657)	(173,873)	(98,431)	(1,102,405)	-
39	IS-39	Enable Reimbursements	Eggleton	1,025,616	295,220	162,617	92,058	1,031,041	-
40	IS-40	Amortization Of Accumulated Depr Differential	Matthews	-	-	-	-	-	-
41	IS-41	Income Taxes	Taylor	-	-	-	-	-	-
42	IS-42	Contract Labor Security	Robertson	-	-	-	-	850,227	-
43	IS-43	Relocation Expense	Robertson	-	-	-	-	(9,815)	-
44	IS-44	Severance Expense	Robertson	-	-	-	-	(296,112)	-
45	IS-45	Other Revenues	Brooks	-	-	-	-	-	-
46		TOTAL ADJUSTMENTS		(\$2,241,922)	(\$2,421,371)	(\$33,879,130)	(\$50,621)	(\$9,249,317)	\$1,008,593

(1)	(2)	(3)	(4)	(17)	(18)	(19)	(20)
Line	Staff's		Staff	Taxes	Income		
No.	Adj.	Description	Witness	Other Than	Tax	Total Expense	Impact on
	No.			Income Tax	Expense	Adjustments	Net Income
1	IS-1	Over/Under Revenues	Brooks	\$ -	\$ -	\$ -	\$ (9,897,948)
2	IS-2	Energy Cost Recovery	Brooks	-	-	-	(685,926,011)
3	IS-3	Non-Fuel Rider Revenues	Brooks	-	-	-	(131,408,744)
4	IS-4	Day Ahead Pricing	Swaim	-	-	-	-
5	IS-5	Large Customer Adjustments	Swaim	-	-	-	-
6	IS-6	Year End Customer Average	Swaim	-	-	-	-
7	IS-7	Weather	Swaim	-	-	-	-
8	IS-8	Renewable Energy Program	Swaim	-	-	-	-
9	IS-9	Growth	Swaim	-	-	-	85,336,115
10	IS-10	Revenue Not At Issue	Brooks	-	-	-	(266,584,586)
11	IS-11	Riders Rolled Into Base Rates	Hilton	-	-	-	-
12	IS-12	Pensions, Medical & Other Employee Costs	Robertson	-	-	(6,116)	6,116
13	IS-13	Advertising	Eggleton	-	-	(3,296,900)	3,296,900
14	IS-14	Insurance Expense 2016/2017	Eggleton	-	-	(200,988)	200,988
15	IS-15	Air Quality Control Systems	Eggleton	-	-	3,566,102	(3,566,102)
16	IS-16	Payroll Adjustment At Test Year End	Robertson	-	-	2,040,577	(2,040,577)
17	IS-17	Payroll Taxes	Robertson	150,391	-	150,391	(150,391)
18	IS-18	Regulatory Expense	Eggleton	-	-	(5,727,906)	5,727,906
19	IS-19	Bad Debt Expense	Eggleton	-	-	(2,495,772)	2,495,772
20	IS-20	Pension, Opeb & Medical Amortization (2013)	Robertson	-	-	175,494	(175,494)
21	IS-21	Southwest Power Pool Expense	Eggleton	-	-	174,136	(174,136)
22	IS-22	Vegetation Management	Eggleton	-	-	874,927	(874,927)
23	IS-23	Dpr Expense Removal	Brooks	-	-	(25,048,642)	25,048,642
24	IS-24	Removal Of Transmission Cost Recovery Rider	Brooks	-	-	(62,133,294)	62,133,294
25	IS-25	Fuel Removal Related To Revenue Adjustments	Brooks	-	-	(771,600,298)	771,600,298
26	IS-26	Depreciation And Amortization	Matthews	-	-	(4,269,753)	4,269,753
27	IS-27	2013 Pension Settlement Amortization	Robertson	-	-	1,746,210	(1,746,210)
28	IS-28	Removal Of Regulatory Asset Amortization	Eggleton	-	-	(4,681,867)	4,681,867
29	IS-29	Ad Valorem Taxes	Matthews	510,680	-	510,680	(510,680)
30	IS-30	Acquisition Adjustment Amortization	Matthews	-	-	5,492,663	(5,492,663)
31	IS-31	Eecr Expense Removal	Brooks	-	-	(5,729,531)	5,729,531
32	IS-32	Storm Cost Recovery	Eggleton	-	-	636,625	(636,625)
33	IS-33	Entertainment, Gifts And Other	Brooks	-	-	(1,396,654)	1,396,654
34	IS-34	Transmission Expenses Recovered From Lse'S	Brooks	(7,809,937)	-	(19,776,226)	19,776,226
35	IS-35	Eliminate Revenue & Expense To/From Og&E	Brooks	-	-	(132,531,673)	132,531,673
36	IS-36	Smart Grid Amortization For Regulatory Assets	Eggleton	-	-	460,169	(460,169)
37	IS-37	Team Share And Related Taxes	Robertson	(41,576)	-	(605,715)	605,715
38	IS-38	LTI and Related Taxes	Robertson	(362,174)	-	(5,276,341)	5,276,341
39	IS-39	Enable Reimbursements	Eggleton	-	-	4,596,002	(4,596,002)
40	IS-40	Amortization Of Accumulated Depr Differential	Matthews	-	-	-	-
41	IS-41	Income Taxes	Taylor	-	17,406,995	17,406,995	(17,406,995)
42	IS-42	Contract Labor Security	Robertson	-	-	1,928,125	(1,928,125)
43	IS-43	Relocation Expense	Robertson	-	-	(9,815)	9,815
44	IS-44	Severance Expense	Robertson	-	-	(296,112)	296,112
45	IS-45	Other Revenues	Brooks	-	-	-	(310,792)
46		TOTAL ADJUSTMENTS		(\$7,552,617)	\$17,406,995	\$ (1,005,324,507)	\$ (3,467,459)



TEST YEAR ENDED JUNE 30, 2016

## INCOME TAX CALCULATION

(1) Line No.	(2) Description	(3) State Income Taxes	(4) Federal Income Taxes
1	Operating Revenues	\$ 85,662,296	\$ 85,662,296
2	Less:		
3	Operating Expenses	\$ 69,198,109	\$ 69,198,109
4	Fixed Charges	\$ 10,591,284	\$ 10,591,284
5	Operating Income Before Taxes	\$ 5,872,903	\$ 5,872,903
6	State Income Tax @ 6.5%	\$ 381,739	\$ 381,739
7	Federal Taxable Income		\$ 5,491,164
8	Federal Income Tax @ 35%		\$ 1,921,909
9	Less:		
10	ITC Amortization		\$ 9,171
11	Wind Production Credit		\$ 2,491,639
12	Total Federal Income Tax		\$ (578,901)
13	Calculation of Fixed Charges	Amount	
14	Total Arkansas Rate Base	\$ 519,180,569	
15	Weighted Cost of Debt	2.04%	
16	Fixed Charges	\$ 10,591,284	

		Co. Adj. #	Company Adjustments	Staff Adj. #	Staff Adjustments	Revenue Requirement Impact	Company to Staff Revenue Requirement
1	OG&E Non-Fuel Revenue Requirement						\$ 110,345,373
2	Rate Base Impact:						
3	Plant-In-Service		\$ 28,568,966		\$ 28,046,703	\$ (522,262)	
4	Working Capital Assets		\$ 2,681,828		\$ 2,644,891	\$ (36,937)	
5	Other Rate Base		\$ 551,357		\$ 511,158	\$ (40,199)	
6	Total Rate Base Impact						\$ (599,398)
7	Rate of Return Impact:						
8	ADIT & CAOL					\$ (415,345)	
9	Return on Equity					\$ (1,349,869)	
10	Capital Structure					\$ (1,453,706)	
11	Miscellaneous					\$ (155,754)	
12	Total Rate of Return Impact						\$ (3,374,674)
13	Taxes & Revenue Conversion Factor Impact:						
14	State & Federal Income Tax Expense		\$ 1,160,251		\$ (197,163)	\$ (1,357,414)	
15	Revenue Conversion Factor Impact		\$ 5,915,062		\$ 7,003,359	\$ 1,088,297	
16	Total Tax & Revenue Conversion Factor Impact						\$ (269,118)
17	Total Company Operating Expense Adjustments:						
18	Pensions, Medical & Other Employee Costs	12	\$ (6,116)	IS-12	\$ (6,116)	\$ -	
19	Advertising	13	\$ (862,079)	IS-13	\$ (3,296,900)	\$ (2,434,821)	
20	Insurance Expense 2016/2017	14	\$ 350,998	IS-14	\$ (200,988)	\$ (551,986)	
21	Air Quality Control Systems	15	\$ 3,566,102	IS-15	\$ 3,566,102	\$ -	
22	Payroll Adjustment At Test Year End	16	\$ 4,317,943	IS-16	\$ 2,040,577	\$ (2,277,366)	
23	Payroll Taxes	17	\$ 318,232	IS-17	\$ 150,391	\$ (167,841)	
24	Regulatory Expense	18	\$ (5,560,476)	IS-18	\$ (5,727,906)	\$ (167,430)	
25	Bad Debt Expense	19	\$ (2,513,189)	IS-19	\$ (2,495,772)	\$ 17,417	
26	Pension, Opeb & Medical Amortization (2013)	20	\$ 175,494	IS-20	\$ 175,494	\$ -	
27	Southwest Power Pool Expense	21	\$ 104,771	IS-21	\$ 174,136	\$ 69,365	
28	Vegetation Management	22	\$ 874,926	IS-22	\$ 874,927	\$ 1	
29	Dpr Expense Removal	23	\$ (25,048,642)	IS-23	\$ (25,048,642)	\$ -	
30	Removal Of Transmission Cost Recovery Rider	24	\$ (62,133,294)	IS-24	\$ (62,133,294)	\$ 0	
31	Fuel Removal Related To Revenue Adjustments	25	\$ (771,600,298)	IS-25	\$ (771,600,298)	\$ 0	
32	Depreciation And Amortization	26	\$ 22,788,930	IS-26	\$ (4,269,753)	\$ (27,058,683)	
33	2013 Pension Settlement Amortization	27	\$ 1,746,210	IS-27	\$ 1,746,210	\$ -	
34	Removal Of Regulatory Asset Amortization	28	\$ (4,681,867)	IS-28	\$ (4,681,867)	\$ -	
35	Ad Valorem Taxes	29	\$ 514,367	IS-29	\$ 510,680	\$ (3,687)	
36	Acquisition Adjustment Amortization	30	\$ 5,567,337	IS-30	\$ 5,492,663	\$ (74,674)	
37	Eecr Expense Removal	31	\$ (5,729,531)	IS-31	\$ (5,729,531)	\$ -	
38	Storm Cost Recovery	32	\$ 636,625	IS-32	\$ 636,625	\$ -	
39	Entertainment, Gifts And Other	33	\$ (1,253,518)	IS-33	\$ (1,396,654)	\$ (143,136)	
40	Transmission Expenses Recovered From Lse'S	34	\$ (39,410,616)	IS-34	\$ (19,776,226)	\$ 19,634,390	
41	Eliminate Revenue & Expense To/From Og&E	35	\$ (132,531,673)	IS-35	\$ (132,531,673)	\$ -	
42	Smart Grid Amortization For Regulatory Assets	36	\$ 460,169	IS-36	\$ 460,169	\$ -	
43	Team Share And Related Taxes	37	\$ 4,582,108	IS-37	\$ (605,715)	\$ (5,187,823)	
44	Lti And Related Taxes	38	\$ 506,966	IS-38	\$ (5,276,341)	\$ (5,783,307)	
45	Enable Reimbursements	39	\$ 4,643,005	IS-39	\$ 4,596,002	\$ (47,003)	
46	Amortization Of Accumulated Depr Differential	40	\$ -	IS-40	\$ -	\$ -	
47	Contract Labor Security	41	\$ 1,984,371	IS-42	\$ 1,928,125	\$ (56,246)	
48	Relocation Expense	42	\$ (26,645)	IS-43	\$ (9,815)	\$ 16,830	
49	Severance Expense	43	\$ (248,859)	IS-44	\$ (296,112)	\$ (47,253)	
50	Total Operating Expense Adjustments		\$ (998,468,249)		\$ (1,022,731,502)	\$ (24,263,253)	
51	Total Test Year Operating Expense		\$ 1,790,561,654		\$ 1,790,561,654		
52	% of Arkansas to Total Company Operating Expense		9.02%		9.01%	-0.01%	
53	Total Operating Expense Impact		\$ 71,467,908		\$ 69,198,108	\$ (2,269,799)	\$ (2,269,799)
54	Staff Non-Fuel Revenue Requirement						\$ 103,832,384
55	Total Revenue Requirement Difference						\$ 6,512,989

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing has been served on all parties of record by electronic means via the Commission's Electronic Filing System this 30<sup>th</sup> day of March, 2017.

/s/ Justin A. Hinton  
Justin A. Hinton