

BEFORE THE CORPORATION COMMISSION OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF)
OKLAHOMA GAS AND ELECTRIC COMPANY)
FOR AN ORDER OF THE COMMISSION)
APPROVING THE COMPANY'S 2016 DEMAND)
PORTFOLIO AND AUTHORIZING RECOVERY)
OF THE COSTS OF THE DEMAND PROGRAMS)
THROUGH THE DEMAND PROGRAM RIDER)
IN THE MATTER OF THE APPLICATION OF)

CAUSE NO. PUD 201500247

FILED
OCT 20 2015

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CORPORATION COMMISSION
OF OKLAHOMA

Testimony Summary of Alek Antczak

On July 1, 2015, Alek Antczak filed Direct Testimony in Cause No. PUD 201500247 on behalf of Oklahoma Gas and Electric Company ("OG&E"). Mr. Antczak's Direct Testimony supports the inclusion of the Integrated Volt-Var Controls (IVVC) and explains how the cost-effectiveness analysis for the system was developed.

The IVVC program allows the Company to improve efficiency and reduce demand during peak times. The program is also an integral part of the continued deferral of additional generation requirements at OG&E. This program is a cost-effective investment that will return positive net benefits to all rate payers.

Mr. Antczak's testimony includes the analysis results, showing demand and energy savings at full operation will be an estimated 27 MW and 11,000 MWH per year for the life of the system, approximately 15 years. The savings will return approximately \$69 million in total benefits to OG&E rate payers over the life of the IVVC system.

The revenue requirement for the IVVC program is used to calculate the net present value of the payment stream, discounted using the Company's own weighted average cost of capital. There is a distinction between the revenue requirement and the program cost as it pertains to the TRC test result. The TRC test, as explained in the California Standard Practice Manual, compares the costs and benefits of a demand program to determine what the net effect of the investment will be on energy costs, from the perspective of the entire utility service territory. For the cost-effectiveness analysis, the revenue requirement is used rather than nominal costs.

Mr. Antczak's testimony also includes the results of the cost-benefit analysis. The total resource cost test ("TRC") ratio and the utility cost test ("UCT") for the program is 2.20. This

means that for every \$1 invested in the IVVC system by the program, it returns \$2.20 in benefits to rate payers.