

**BEFORE THE  
ARKANSAS PUBLIC SERVICE COMMISSION**

IN THE MATTER OF THE FORMULA )  
RATE PLAN FILINGS OF OKLAHOMA )  
GAS AND ELECTRIC COMPANY ) DOCKET NO. 18-046-FR  
PURSUANT TO APSC DOCKET )  
NO. 16-052-U )

2022 Agreement Testimony

of

Zachary Quintero

on behalf of

Oklahoma Gas and Electric Company

Zachary Quintero  
*2022 Agreement Testimony*

1 Q. **Please state your name, position, by whom you are employed, and your business**  
2 **address.**

3 A. My name is Zachary Quintero. I am a Lead Regulatory Coordinator for Oklahoma Gas  
4 and Electric Company (“OG&E”). My business address is 321 N. Harvey, P.O. Box 321,  
5 Oklahoma City, Oklahoma 73101.

6  
7 Q. **Are you the same Zachary Quintero that filed Direct Testimony on October 3, 2022,**  
8 **and Rebuttal Testimony on January 13, 2023, in this Docket?**

9 A. Yes.

10

11 Q. **Please state the purpose of your testimony in this proceeding.**

12 A. The purpose of my Agreement testimony is to support the negotiated settlement reached  
13 among the General Staff (“Staff”) of the Arkansas Public Service Commission  
14 (“Commission”) and the OG&E (collectively the “Settling Parties”)<sup>1</sup> that addressed all  
15 issues in this proceeding. The Settling Parties have prepared and executed a Settlement  
16 Agreement (“Agreement”) evidencing the negotiated settlement, which is attached as Joint  
17 Motion Exhibit 1 to the Joint Motion to Approve the Settlement Agreement, Waive  
18 Hearing, and Excuse Witnesses (“Joint Motion”), which has been filed with the  
19 Commission.

20

21 Q. **Please summarize OG&E’s application.**

22 A. On October 3, 2022, OG&E filed an Application pursuant to, and in compliance with, the  
23 provisions of OG&E’s tariff Sheet No. 80, Formula Rate Plan Rider (“FRP Rider”). The  
24 Company attached the OG&E FRP Rider Evaluation Report (“Evaluation Report”) as  
25 Application Exhibit A. Exhibit A showed a revenue increase of approximately \$13.24  
26 million was required to bring OG&E back to its 9.50% authorized return on equity. Exhibit

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<sup>1</sup> The Arkansas Attorney General (“AG”) and Arkansas River Valley Energy Consumers (“ARVEC”) are not signatories to this Settlement Agreement but do not object thereto.

1 A went on to show this increase was limited to \$8.53 million due to the 4% revenue  
2 constraint.

3

4 **Q. Why did OG&E seek a revenue change?**

5 A. OG&E provided notice of its intent to implement a Formula Rate Plan Rider mechanism  
6 in its last general rate case in Docket No. 16-052-U, as required by Act 725 of 2015. In  
7 Order No. 8 of that docket, issued on May 18, 2017, the Commission approved OG&E's  
8 FRP Rider. OG&E's final FRP filing of this term will occur on or about October 1, 2023,  
9 pursuant to Order No. 14 in Docket No. 21-087-U.

10

11 **Q. Please describe the events that led to entering into the Agreement.**

12 A. On December 29, 2022, after conducting extensive discovery, Staff and the AG filed Errors  
13 and Objections ("E&Os") to OG&E's FRP Application. On January 13, 2023, OG&E filed  
14 its Response to the E&Os and submitted Rebuttal Testimony. OG&E's Response to the  
15 E&Os resulted in no change to its originally filed revenue requirement increase of  
16 approximately \$13.24 million but did accept Staff's adjustment to the 4% cap resulting in  
17 a revised cap amount of \$9.59 million.

18 Beginning on January 23, 2022, OG&E issued its first settlement proposal to the  
19 parties to this Docket. After discussions with the Settling Parties, an agreement was  
20 reached.

21

22 **Q. Please describe the agreed-upon revenue change.**

23 A. For purposes of settlement, the Settling Parties agree to the FRP Rider Revenue Change  
24 included in Staff's Errors & Objections and related Attachments. This results in a revenue  
25 change of \$12,985,910, capped at \$9,592,322. This amount is reflected in the FRP Tariff  
26 Attachment Schedules A and D which is Attachment No. 1 to the Settlement Agreement.

27

28 **Q. Please describe the non-revenue related agreements.**

29 A. The Settling Parties will not object to OG&E's request for a finding that the Grid  
30 Modernization Series II and Series III projects included in this filing are prudent.

1           Additionally, the Settling Parties agree that there is no prudence determination in  
2           this proceeding for any additional Series II or Series III Grid Modernization investment not  
3           already in service during this Historical Year. The Company agrees to provide any cost-  
4           benefit analysis considered by the Company for future Grid Modernization investments.  
5           In addition, if OG&E considers avoided economic harm benefits in such cost-benefit  
6           analysis, it shall also provide the analysis without those avoided economic harm benefits  
7           included. The Company also agrees to continue filing updated quarterly information as  
8           required by Order Nos. 7 and 15 in Docket No. 18-046-FR.

9  
10   **Q.    What is the cumulative FRP Rate Adjustment, by class, shown on Attachment A-1**  
11   **after the settlement revenue change was determined?**

12   **A.**    Table 1 below shows the cumulative FRP Rate Adjustment by Rate Class, which is the  
13           adjustment needed in order for the Company to recover the agreed to revenue change of  
14           \$9,592,322.

**Table 1 Cumulative FRP Rate Adjustment**

<b>Rate Class</b>	<b>FRP Rate (%)</b>
Residential	26.5070%
General Service	29.1732%
Power and Light	29.6296%
Other*	24.8933%

\*Other includes Municipal Water Pumping, Municipal Roadway and Area Lighting, Outdoor Security Lighting, Athletic Field Lighting, and the LED lighting rates

15   **Q.    What is the rate impact of the Company’s revenue change after the proposed**  
16   **increase?**

17   **A.**    The average residential customer in Arkansas will see an increase of 4.00%, or \$4.85 per  
18           month,<sup>2</sup> on their total bill as a result of the settlement revenue change.

19  
20   **Q.    Does OG&E support the Agreement?**

21   **A.**    Yes. OG&E believes the Agreement is a reasonable compromise of the positions of the  
22           various parties and stakeholders and it produces an equitable balance of customer,

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<sup>2</sup> Rebuttal Testimony of Zachary Quintero, page 10.

1 stakeholder, and shareholder interest. The provisions of the Agreement lie within the  
2 bounds of the filed positions by the various parties and the end result is just and reasonable.

3

4 **Q. Is the Agreement in the public interest?**

5 A. Yes. The Agreement provides benefits to all classes of customers and is in the public  
6 interest. The result of the Agreement reached by the parties is within the range of likely  
7 outcomes if the issues in the proceeding were litigated. The Agreement is a carefully  
8 crafted compromise that produces rates that are just and reasonable and are in the public  
9 interest. OG&E believes the result reached in the Agreement fairly balances the needs of  
10 all stakeholders.

11

12 **Q. Does the Agreement provide OG&E with everything it requested in its Application?**

13 A. No. As is typical with any settlement, the end product does not result in the attainment of  
14 all the results sought by any one party. OG&E supports the Agreement as a reasonable  
15 compromise that is in the overall public interest and it is committed to adhere to the  
16 obligations pursuant to the Agreement.

17

18 **Q. Does this conclude your Agreement testimony?**

19 A. Yes.

**CERTIFICATE OF SERVICE**

I, Lawrence E. Chisenhall, Jr., hereby state that a copy of the foregoing instrument was served on all the parties of record via the APSC Electronic Filing System on this the 1st day of February 2023.

/s/ Lawrence E. Chisenhall, Jr.  
Lawrence E. Chisenhall, Jr.