

**FILED**  
JAN 16 2018

**BEFORE THE CORPORATION COMMISSION OF OKLAHOMA**

COURT CLERK'S OFFICE - OKC  
CORPORATION COMMISSION  
OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF )  
OKLAHOMA GAS AND ELECTRIC COMPANY )  
FOR AN ORDER OF THE COMMISSION )  
AUTHORIZING APPLICANT TO MODIFY ITS )  
RATES, CHARGES, AND TARIFFS FOR RETAIL )  
ELECTRIC SERVICE IN OKLAHOMA )

CAUSE NO. PUD 201700496

Direct Testimony

of

Gwin Cash

on behalf of

Oklahoma Gas and Electric Company

January 16, 2017

Gwin Cash  
*Direct Testimony*

1 Q. **Please state your name and business address.**

2 A. My name is Gwin Cash. My business address is 321 North Harvey, Oklahoma City,  
3 Oklahoma 73102.

4

5 Q. **By whom are you employed and in what capacity?**

6 A. I am employed by Oklahoma Gas and Electric (“OG&E” or “Company”) as Manager, Cost  
7 of Service and Rate Administration.

8

9 Q. **Please summarize your educational background and professional qualifications.**

10 A. I have worked for OG&E in various capacities for over 16 years. Most recently I joined  
11 the Company’s regulatory department in January 2015 as the Rate Administration Manager  
12 and in July of 2017 I assumed additional responsibilities as the manager of Cost of Service.  
13 My Rate Administration responsibilities include maintaining OG&E’s tariffs on file with  
14 the regulatory commissions and ensuring consistent application of these tariffs in the  
15 manner in which they are intended. Additional duties include computing rider factors and  
16 monthly retail revenue reporting. My Cost of Service responsibilities include oversight of  
17 the department’s responsibility for operating and maintaining the Cost of Service model.  
18 Prior to joining OG&E’s regulatory department I worked as a Senior Business Analyst for  
19 one year in OG&E’s Sales and Customer Support department and as a Workforce Analyst  
20 for seven years in OG&E’s Customer Service department. I received a Bachelor of Science  
21 in Applied Mathematics with a Specialization in Computing from the University of  
22 California, Los Angeles in 1999.

23

24 Q. **Have you previously testified before the Oklahoma Corporation Commission or any  
25 other regulatory commission?**

26 A. Yes. In Cause No. PUD 201500273 I provided both written and oral testimony sponsoring  
27 the *pro forma* adjustments to the Company’s sales and revenues, as reflected in Schedule  
28 H-2 of the Application package, and explained revisions to the Company’s Terms and  
29 Conditions (“T&C”) and riders. I have also filed written testimony with the Arkansas

1 Public Service Commission. In Docket No. 10-067-U I sponsored the Company's updates  
2 to its Renewable Energy Pricing ("REP") tariffs for 2016 and 2017. In Docket No. 16-  
3 052-U I submitted written testimony for the general rate case proceeding and sponsored  
4 the *pro forma* adjustments to the Company's sales and revenues, as reflected in Schedules  
5 C 2, E 11.1, and E 11.2, explained revisions to the Company's Terms and Conditions  
6 ("T&C") and riders, and sponsored the Company's request for an LED lighting tariff. In  
7 Docket No. 16-052-U I sponsored the update to the Company's REP tariff for 2018.

8  
9 **Q. What is the purpose of your direct testimony?**

10 A. I will explain how the Company will adjust the Demand Program Rider ("DPR") billing  
11 factors for Integrated Volt Var Controls ("IVVC") expenses being removed from the DPR  
12 and included in new rates. I will also address the effect that new rates will have on the  
13 collection of lost net revenues ("LNR") within the DPR. In addition, I will discuss the  
14 Utility Solar Pilot Program ("USP") tariff, and a proposed extension to that pilot program  
15 and the price change in the Military Base Tariff Credit ("MBTC") rider. Also, I will discuss  
16 a change to Section 408 of the Terms and Conditions regarding a reporting request change  
17 relating to the Company's Allowable Expenditure Formula. Finally, I am sponsoring a  
18 Federal Tax Change and Production Tax Credit ("FTCPTC") rider that will true-up credits  
19 from the OU Spirit and Crossroad Wind Farms that are included in base rates, will true up  
20 the level of amortization of the regulatory liability for deferred tax savings included in base  
21 rates, and will true-up the federal corporate income taxes in base rates between January 1,  
22 2018 and the implementation date of new rates.

23  
24 **OG&E'S DEMAND PROGRAM RIDER**

25 **Integrated Volt Var Controls**

26 **Q. Please explain how the DPR billing factors will be changed to accommodate the**  
27 **recovery of IVVC through base rates.**

28 A. At the time new rates, associated with this Cause, go into effect, IVVC will no longer be  
29 included for recovery through the DPR. Instead, it will be included for recovery through  
30 base rates. OG&E will submit new DPR billing factors reflecting this removal, coinciding  
31 with the implementation of new rates.

1 Q. **Will there be any additional adjustments to the DPR billing factors when new rates**  
2 **go into effect?**

3 A. No. The billing factors related to recovery of energy savings is updated on an annual basis.

4

5

Lost Net Revenue

6 Q. **What is LNR?**

7 A. Commission Rule OAC 165:35-41-3 defines Lost Net Revenue as:

8           Income from the retail sale of electricity forgone by a utility directly  
9           resulting from the success of its demand portfolio, less expenses the  
10           utility was not required to pay by forgoing the sales. Lost net  
11           revenue shall be calculated using verified savings, shall exclude  
12           customer service charge revenues (non-volumetric revenues), and  
13           shall exclude revenues collected from riders with annual true-ups.

14 In layman’s terms, LNR is revenue lost by the Company, as a result of Commission  
15 authorized, Company promoted, programs that encourage customers to save energy by  
16 reducing their kilowatt hour (“kWh”) usage or by reducing their demand (“kW”), less any  
17 expenses avoided because of foregone sales. In this case, the only avoided expense is fuel  
18 costs.

19

20 Q. **What effect will the implementation of new rates have on the collection of LNR within**  
21 **the DPR?**

22 A. The mechanics of the DPR allow for collection of LNR for energy savings associated with  
23 the Company’s Demand Portfolio of programs. These energy savings associated with the  
24 DPR programs, up to the end of the *pro forma* period, are then reflected in the Company’s  
25 billing units for the purpose of determining developing new rates. Consequently, for  
26 periods after new rates go into effect only incremental energy savings, above the level  
27 already included in the calculation of new rates, will be accrued through the DPR going  
28 forward. However, because there is a 21 month lag between when energy savings are  
29 experienced and the company receives the LNR associated with the foregone sales, the  
30 accrued revenue requirement from periods prior to new rates going into effect continues to  
31 be collected. An explanation of these mechanics follows.

1 Q. **Please describe Chart 1 below.**

2 A. Chart 1 below illustrates how energy savings and associated lost net revenues are accrued  
3 before and after new rates go into effect. Those accruals are as follows:

4 • **Before new rates:**

- 5 ○ Area A represents energy savings accrued and the associated lost net  
6 revenues to be recovered through the DPR.

7 • **After new rates:**

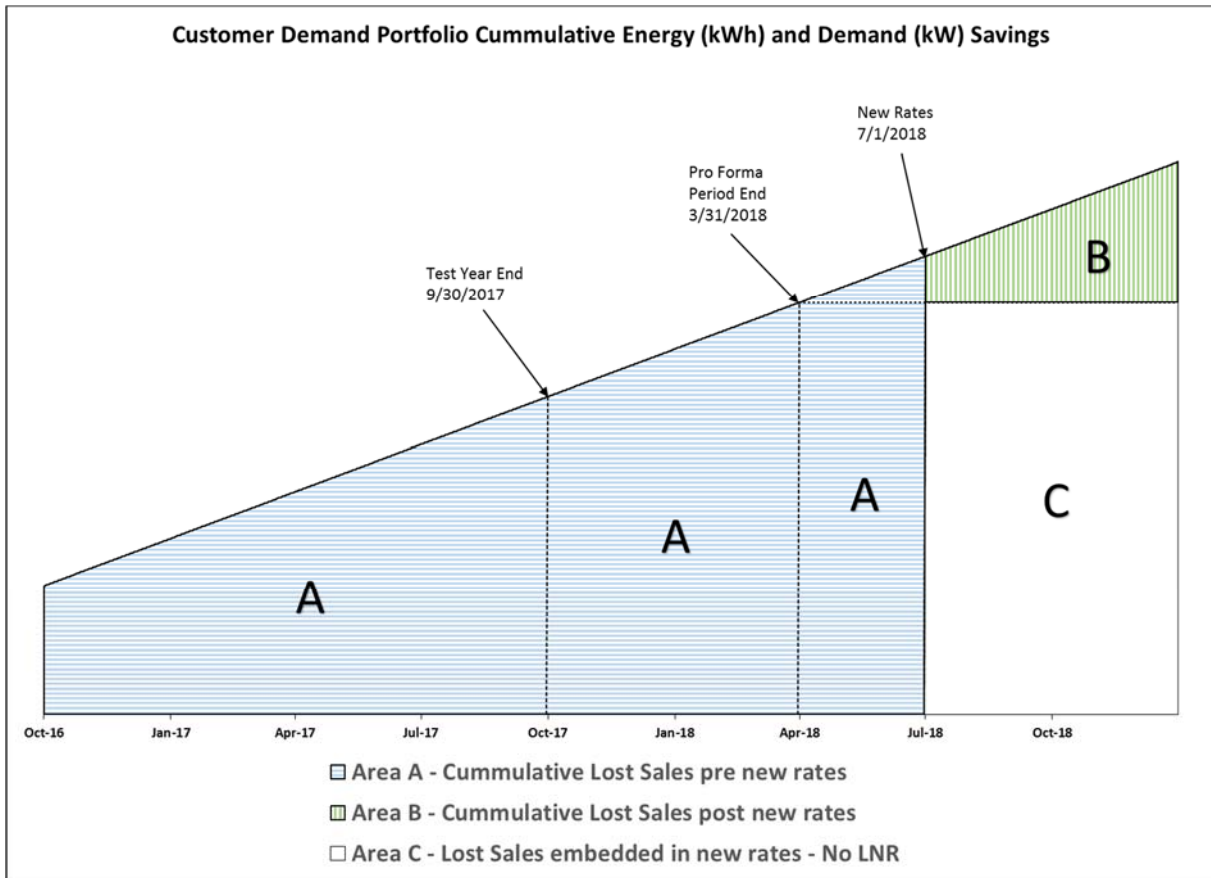
- 8 ○ Area A is now fully accrued and any unrecovered balance of the  
9 associated lost net revenues remains in the DPR until fully recovered  
10 (see Chart 3 below, which illustrates the lag in DPR LNR recovery).

- 11 ○ Area B represents the incremental accrual of energy savings and the  
12 associated lost net revenues, to be collected in the DPR.

- 13 ○ Area C represents the energy savings equal to the level of the energy  
14 savings at the *pro forma* test year end. These savings are reflected in  
15 the calculation of new rates and therefore no lost net revenues are tied  
16 to these savings.

17

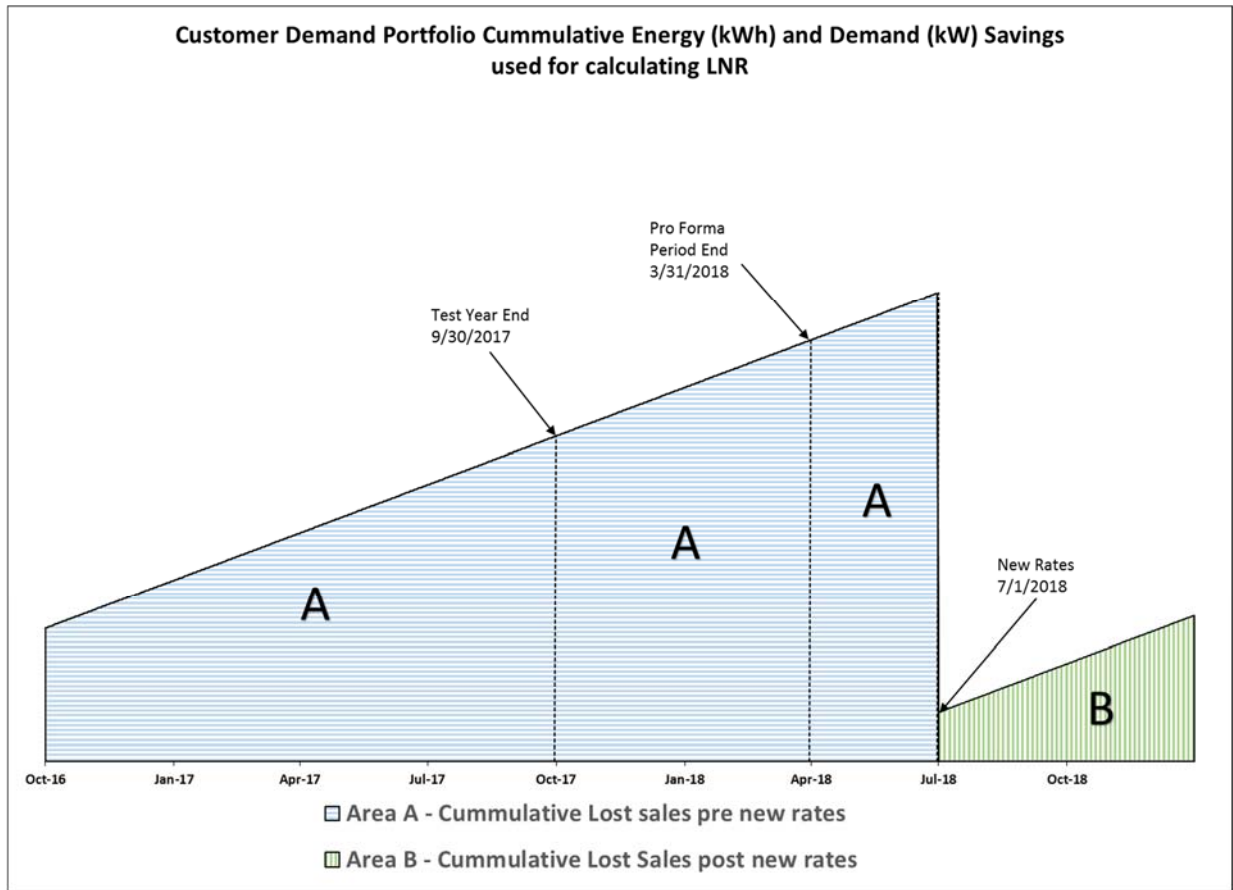
**Chart 1**



1 Q. **Please describe Chart 2 below.**

2 A. Chart 2 illustrates how lost net revenues are reset as a result of implementing new rates.  
3 Chart 2 shows the same accumulated energy savings as Chart 1 above, with Area C  
4 removed, and reflects only the energy savings used to calculate lost net revenues. Lost net  
5 revenues are accrued and recovered through the DPR.

Chart 2

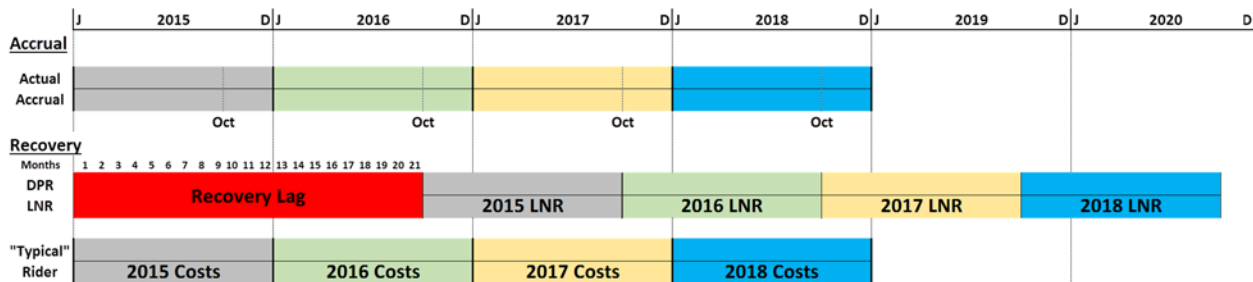


- 1 Q. Please further explain how energy savings are included in new rates and the resulting  
2 impact to lost net revenues, as collected through the DPR.
- 3 A. New rates do not recover lost net revenues. New rates are prospective. For the energy  
4 savings reflected in the *pro forma* test year adjusted sales volumes, no lost net revenues  
5 will be accrued going forward, after new rates go into effect. (Area C of Chart 1 above)  
6 Once new rates go into effect, only the incremental additional foregone sales (represented  
7 by Area B in Chart 1), from continued demand programs savings, will be accrued and  
8 recovered via the DPR. For all periods prior to new rates going into effect all foregone  
9 sales (represented by Area A in Chart 1) are accrued and recovered via the DPR. To  
10 summarize: the DPR recovers LNR for all foregone sales prior to new rates and only  
11 incremental LNR after new rates.

1 Q. Please explain the lag associated with the Company's recovery of lost net revenues?

2 A. Yes. The sales revenues foregone by the Company are tracked each calendar year and must  
3 be evaluated, measured, and verified (referred to as the "EM&V" process) by a third party.  
4 This EM&V process lasts six months after the end of the calendar year. This EM&V report  
5 is submitted to the PUD by July 1 of each year, along with revised DPR billing factors.  
6 The PUD review period for these billing factors is three months, after which the new factors  
7 shall be implemented by October 1 of each year. Consequently, the lag in recovery through  
8 the DPR of lost net revenues is 21 months.

Chart 3



9 Q. Will the lag in recovery of accrued lost net revenues cause a double recovery of lost  
10 net revenues?

11 A. No. The following is an example of what will occur if new rates go into effect  
12 approximately 180 days after this application is filed.

13 • On July 16, 2018, new rates are implemented and from this date going forward only  
14 incremental foregone sales, above the level of energy savings reflected in the *pro*  
15 *forma* billing units in the rate case, are accrued. This is depicted in Charts 1 and 2  
16 above, as area B.

17 • By July 1, 2018, the Company submits a report of its Demand Programs which  
18 contains the EM&V lost net revenues, for total foregone sales, for calendar year  
19 2017.

20 ○ These calendar year 2017 lost net revenues, seen in Chart 3 above, are  
21 requested for recovery via the DPR and the new DPR factors are in effect  
22 from October 2018 through September 2019.

- 1           • The following year on July 1, 2019 the Company will submit a report of its Demand  
2           Programs which contains the verified lost net revenues for calendar year 2018.
- 3           ○ This LNR calculation reflects
- 4                 ▪ LNR for total foregone sales for the period of January 2018 through  
5                 June 2018 (the period prior to new rates going into effect)  
6                 and  
7                 ▪ LNR for only incremental (above the level reflected in new rates)  
8                 foregone sales for the period of July 2018 through December 2018  
9                 (the period after new rates went into effect).

10

11 **Q. How is this treatment of LNR within the DPR similar to other riders?**

12 **A.** As mentioned before, the accrual of energy savings resets once new rates go into effect, as  
13 reflected in Chart 2 above. From that point forward no LNR is accrued for the level of  
14 energy savings included in the determination of new rates. This treatment is substantially  
15 the same as the treatment for other riders that the Company rolled into base rates in  
16 OG&E's last rate case. For example, expenses associated with the SmartGrid rider rolled  
17 into base rates when new rates went into effect on May 1 of 2017. The SmartGrid Rider  
18 expense that accrued prior to May 1 was recovered through the SmartGrid Rider.  
19 SmartGrid Rider expense that accrues after May 1 is recovered via base rates.

20

21 **Q. How does this treatment of LNR within the DPR differ from the treatment of other  
22 riders?**

23 **A.** The DPR treatment differs somewhat because of the lag between the accrual period of LNR  
24 and the recovery period. The recovery period is delayed because of the EM&V  
25 requirements and this lag period, as explained above, is 21 months. Other, "typical" riders  
26 do not have a lag in recovery and instead establishes a level of recovery concurrent with  
27 the accrual of cost.

1 Q. **How will the DPR billing factors be adjusted when new rates are implemented?**

2 A. The DPR billing factors will be lowered to reflect the removal of IVVC expense. There  
3 will be no change to the DPR billing factors associated with reduced lost net revenues until  
4 October of 2019.

5  
6 Q. **What steps could the Company take to mitigate the lag in recovery of LNR within the  
7 DPR?**

8 A. When the DPR is reset after new rates go into effect, the Company could include projected  
9 LNR along with all other projected DPR program costs. The collected LNR would then  
10 be subjected to a true-up after actual LNR is verified by the EM&V. A true-up mechanism  
11 ensures that customers are charged no more or less than actual LNR accrued as verified by  
12 EM&V.

13

14

Utility Solar Pilot Program

15 Q. **Please discuss the pilot extension the Company is proposing for the USP tariff.**

16 A. The Company introduced the USP tariff in April 2016 utilizing the energy produced by the  
17 Company's 2.5 MW Mustang solar farm and up to an additional 25 MW of new solar  
18 generation. The Company was granted a two year pilot period to test customer demand for  
19 this solar energy product. The energy sales available from the Mustang solar farm are  
20 currently sold out, with 909 customers subscribed, and the waiting list for additional solar  
21 energy. As of the end of the test year, the waiting list was 3,171 customers long. The  
22 Company is adding additional solar resources this spring and requesting to extend the pilot  
23 period to one year post final order in this Cause to accommodate customer demand for  
24 additional solar generation and to continue to gather operational data. This pilot extension  
25 request is reflected in the revision to the Enrollment Period section of the USP tariff and  
26 the revised USP tariff is attached to this testimony as Direct Exhibit GC-1.

27

28 Q. **Will the pricing of the USP tariff change?**

29 A. The current pricing allows for an additional 25 MW of solar generation without a pricing  
30 change. The new Covington solar facility represents 9.7 MW of that additional 25 MW  
31 and will not cause a pricing change. The price, however, will be updated to reflect any

1 change to the capital structure and return on equity determined in this Cause, and to reflect  
2 the change in the federal corporate income tax.

3  
4 Military Base Tariff Credit Rider

5 **Q. Please describe the change to the MBTC that OG&E is proposing.**

6 A. OG&E is proposing to recalculate the billing factor for the surcharge associated with the  
7 MBTC. This charge to customers is based on test year *pro forma* adjusted kWh sales and  
8 is updated with each base rate case. These kWh sales are increasing from 23,978,692,880  
9 to 24,507,223,645. The total amount being collected will remain unchanged at \$804,731.  
10 The increase in kWh sales results in a decrease in the factor from \$0.000034 to \$0.000033.  
11 The billing factor associated with the credit the military receives will also change. This  
12 credit is based on test year *pro forma* adjusted kWh sales of the military accounts receiving  
13 the credit and is updated with each base rate case. These kWh decreased from 419,835,200  
14 to 360,784,600. This results in a factor change from (\$0.001916) to (\$0.002230). This  
15 revised MBTC rider is attached to this testimony as Direct Exhibit GC-2.

16  
17 Allowable Expenditure Formula

18 **Q. Please describe the change to Section 408 of the Terms and Conditions, regarding the**  
19 **Company's Allowable Expenditure Formula, that OG&E is proposing.**

20 A. Currently, OG&E's Terms and Conditions requires the Company to submit its Allowable  
21 Expenditure Formula to the Commission on an annual basis. OG&E is proposing to  
22 eliminate the annual reporting requirement and, instead, provide the Allowable  
23 Expenditure Formula to the Commission only when a change is made to the formula. This  
24 request is reflected in Sheet 141 of the Company's Terms and Conditions, Section 408, and  
25 this sheet is attached to this testimony and Direct Exhibit GC-3.

Federal Tax Change and Production Tax Credit Rider

1  
2 **Q. Please discuss the FTCPTC Rider?**

3 A. As stated in the direct testimony of OG&E witness Rowlett, the Company is proposing an  
4 FTCPTC rider that will act as a true-up mechanism for three different items included in  
5 base rates.

- 6 • First, it will true-up the difference between what the Company records as actual  
7 income tax expense with a federal corporate income tax rate of 21% and what  
8 the Company would have recorded with the previous federal corporate income  
9 tax rate of 35%. This will serve to capture the new federal corporate income  
10 tax rate established with the passage of the Tax Cuts and Jobs Act of 2017,  
11 pursuant to Cause No. 201700569, Final Order No. 671982. This will capture  
12 the tax change difference between January 1, 2018 and the date of new rates  
13 associated with Cause No. PUD 201700496. This true-up is captured within  
14 the FTCPTC rider via the Federal Tax Change (“FTC”) factor.
- 15 • Second, it will true-up the amount of the amortization of the regulatory liability,  
16 established to record the remeasurement of accumulated deferred income tax  
17 associated with the federal corporate income tax change of the Tax Cuts and  
18 Jobs Act of 2017, pursuant to Cause No. 201700569, Final Order No. 671982.  
19 This rider will trueup the difference between the level of amortization of the  
20 regulatory liability included in base rates and the actual level of amortization.  
21 This true-up is captured within the FTCPTC rider via the Amortization of the  
22 Regulatory Liability (“ARL”) factor.
- 23 • Third, it will true-up the level of PTC credits, from the OU Spirit and Crossroad  
24 wind farms, included in base rates to the actual amount of PTC credits received  
25 by the Company. This true-up will be captured within the FTCPTC rider via  
26 the Production Tax Credit (“PTC”) factor.

27  
28 **Q. Please explain the mechanics of the FTC factor.**

29 A. During the interim period between January 1, 2018 (the date the Tax Cuts and Jobs Act of  
30 2017 went into effect) and the implementation date of new rates the Company will record  
31 the impact to customers of the reduced federal corporate income tax as reflected in base

1 rates. Upon the implementation of new rates the Company will credit the balance of this  
2 impact to customers in the first month of new rates, or as soon as practically possible. This  
3 balance will be allocated to the customer classes using a revenue allocator established in  
4 this Cause using the final *pro forma* adjusted revenues as reflected in Schedule H-2. These  
5 class FTC balances will then be divided by the customer class kWh (adjusted for growth)  
6 to establish a credit factor for each of the customer classes.

7  
8 **Q. Please explain the mechanics of the ARL factor.**

9 A. The Company will calculate the difference between the amortization of the regulatory  
10 liability for deferred tax savings included in base rates and the actual amortization amount  
11 of the following calendar year. If the actual liability amortization is larger than the amount  
12 included in base rates then the Company will credit this amount to customers. If the actual  
13 liability amortization is lower than what is included in base rates then the Company will  
14 charge customers for this over credit of the base rate amortized amount. The Company  
15 will also true up the prior years actual credits/revenues to the prior year's calculated ARL  
16 amount. The new total balance will be allocated to the customer classes using the same  
17 revenue allocator as the FTC factor. These class ARL balances will then be divided by the  
18 class kWh (adjusted for growth) to establish the factor for each of the customer classes.

19  
20 **Q. Please explain the mechanics of the PTC factor.**

21 A. The Company will project the Oklahoma jurisdictional PTCs for the following calendar  
22 year. This projected level of PTC credits will be compared to the level of PTC credits  
23 included in base rates. If the projected level of PTC credits is higher than what is included  
24 in base rates then the Company will credit this incremental PTC amount to customers via  
25 the PTC factor. If the projected level of PTC credits is lower than what is included in base  
26 rates then the Company will charge customers for this over credit of base rate PTC amounts  
27 via the PTC factor. The Company will also true up projected PTCs to actual PTCs for the  
28 prior period calendar year. The new total balance will be allocated to the customer classes  
29 using the production energy allocator, which is the current treatment in base rates,  
30 established in this Cause. The class PTC balances will then be divided by the class kWh

1 (adjusted for growth) to establish a factor for each of the customer classes. This proposed  
2 FTCPTC rider is attached to this testimony as Direct Exhibit GC-4.

3  
4 **Q. What is the effect to customers of a FTCPTC rider?**

5 A. The inclusion of these true up mechanisms within the FTCPTC rider guarantees that the  
6 customer will receive the full benefit of the federal tax change and production tax credits.  
7 This rider functions as a pass through mechanism, and holds customers harmless.

8  
9 **Q. What are your recommendations to the Commission?**

10 A. I recommend the Commission:

- 11 a) adopt the change for recovery of IVVC from DPR to base rates as proposed,  
12 b) adopt the MBTC rider as proposed,  
13 c) adopt the USP program extension as proposed,  
14 d) adopt the change to Terms and Conditions section 408 as proposed, and  
15 e) adopt the FTCPTC rider as proposed.

16  
17 **Q. Does this conclude your testimony?**

18 A. Yes.

OKLAHOMA GAS AND ELECTRIC COMPANY  
P. O. Box 321

~~1<sup>st</sup>~~ <sup>2<sup>nd</sup></sup> Revised Sheet No. 50.20  
Replacing ~~1<sup>st</sup> Original Revised Sheet~~  
No. 50.20

Oklahoma City, Oklahoma 73101

Date Issued ~~March 20XXXX XX, 2018~~<sup>7</sup>

STANDARD PRICING SCHEDULE: USP  
Utility Solar Pilot Program (USP)

STATE OF OKLAHOMA

**EFFECTIVE IN:** All territory served.

**APPLICABILITY:** The Utility Solar Pilot Program makes available to subscribers the solar energy produced by OG&E. The program is available on a voluntary basis to all retail customers. Customers may not take service under this tariff and simultaneously take service under the provisions of any other alternative source generation or co-generation tariff.

**PRICING:** The kWh sold through this rider are priced at \$~~0.1044~~ 0.1051 per kWh.

Commented [KS1]: CR

**SUBSCRIPTION LEVEL:** Customers may subscribe, in increments of 10%, up to 50% of their annual energy. During initial signup the subscriber’s annual energy will be determined in one of two ways. If during initial signup the customer has 12 consecutive months of usage history at the address where the subscription is being requested, then the annual energy will be the energy consumed during that 12 month usage history. If the customer does not have 12 consecutive months of usage history at the address where the subscription is being requested, then 12 months of annual energy will be estimated. Until OG&E expands its solar energy production beyond the initial 2.5 MW, the maximum amount any one customer may receive is 50,000 kWh per year. After the expansion of solar energy production, subscription for any one customer beyond 50,000 kWh will be at the Company’s discretion. A customer may change their subscription level only once in any 12 month period. In the event there is a significant and permanent reduction in customer usage the Company, at its sole discretion, may adjust the subscriber’s annual energy on which the subscription level is based.

**BILLED PURCHASE QUANTITY:** The quantity of energy that will be purchased by a subscriber for each monthly billing cycle will be computed as follows:

$$PQ = \frac{SL}{EUSR} * EUSA$$

Where

PQ = Monthly Purchase Quantity in kWh

SL = Annual Subscription Level in kWh

EUSR = Annual Utility Solar Rated Energy Production in kWh

EUSA = Actual Monthly Energy Produced by the Utility Solar Facility in kWh

The EUSR and EUSA will be re-determined whenever a new solar facility is brought online or an existing solar facility is taken offline.

**MONTHLY BILLING:** Subscription to the Utility Solar Program requires a customer to be concurrently subscribed to a time-of-use tariff. Upon final resolution of Cause Number

**Rates Authorized by the Oklahoma Corporation Commission:**  
**(Effective) (Order No.) (Cause/Docket No.)**

Public Utilities Division Stamp

		<u>PUD 201700496</u>
May 1, 2017	662059	PUD 201500273
April 1, 2016	651286	PUD 201500340 (original)

OKLAHOMA GAS AND ELECTRIC COMPANY  
P. O. Box 321

~~1<sup>st</sup>~~<sup>2<sup>nd</sup></sup> Revised Sheet No. 50.21  
Replacing ~~1<sup>st</sup> Original Revised Sheet~~  
No. 50.21

Oklahoma City, Oklahoma 73101

Date Issued ~~March 20XXXX XX, 2018~~<sup>7</sup>

STANDARD PRICING SCHEDULE: USP  
Utility Solar Pilot Program (USP)

STATE OF OKLAHOMA

201500273, subscribers to this tariff will be switched to the time of use tariff designated in compliance with 17 O.S. 2011, Section 156 (applicable to post-October 2014 net metering customers) as determined by the Commission. The purchased utility solar energy shall be credited against the time-differentiated energy portion of the customer’s metered energy at the applicable time-of-use pricing yielding the customer’s net energy. Should the purchased utility solar amount for a given month be larger than the customer’s metered energy consumption then the net energy will be zero.

Under this tariff, only the energy (kWh) portion of a customer’s bill are affected. On a monthly basis, the customer’s energy charges will include the 1) purchased quantity of utility solar energy at the utility solar price, 2) net energy according to the applicable energy price under their rate schedule and any applicable rider schedules, and 3) the total metered energy according to any applicable riders. All other rate schedule charges are unaffected by this rider. Customer usage as determined by the annual billing prior to subscription shall be used in determination of the applicable tariff used for the customer’s billing.

**ENROLLMENT PERIOD:** The enrollment period shall ~~conclude on XXX XX, 2019~~<sup>be the first two years after this tariff becomes effective</sup>. Enrollment will be open for subscription during the enrollment period and closed for subscription after the enrollment period.

**WAITING LIST:** If at the time of subscription request a customer’s desired subscription level is greater than the available energy of the Utility Solar Facility, then the customer may elect to be placed on a waiting list.

The Available Energy of the Utility Solar Facility will be computed as follows:

$$EA = EUSR - \sum SL$$

Where

- EA = Available Energy of the Utility Solar Facility
- EUSR = Annual Utility Solar Rated Energy Production
- $\sum SL$  = The sum of all subscribed Subscription Levels

Customers will be moved from the waiting list into active subscriber status in the order that they are placed on the waiting list, only if Available Energy is greater than the customer’s desired Subscription Level, and only if the enrollment period is still open. If the Available Energy is less than the customer’s desired Subscription Level then the next customer on the waiting list will be checked for subscription availability.

Commented [CG2]: CT

**Rates Authorized by the Oklahoma Corporation Commission:**

Public Utilities Division Stamp

(Effective)	(Order No.)	(Cause/Docket No.)
May 1, 2017	662059	<del>PUD 201700496</del> PUD 201500273
April 1, 2016	651286	PUD 201500340 (original)

OKLAHOMA GAS AND ELECTRIC COMPANY  
P. O. Box 321

~~1<sup>st</sup>~~<sup>2<sup>nd</sup></sup> Revised Sheet No. 50.22  
Replacing ~~1<sup>st</sup> Original~~ Revised Sheet  
No. 50.22

Oklahoma City, Oklahoma 73101

Date Issued ~~March 20XXXX XX, 2018~~<sup>7</sup>

STANDARD PRICING SCHEDULE: USP  
Utility Solar Pilot Program (USP)

STATE OF OKLAHOMA

**SUBSCRIPTION TERM:** There is no minimum subscription term. Customers may terminate subscription at any time, with the termination effective with the next monthly billing cycle.

**Rates Authorized by the Oklahoma Corporation Commission:**

Public Utilities Division Stamp

<u>(Effective)</u>	<u>(Order No.)</u>	<u>(Cause/Docket No.)</u>
May 1, 2017	662059	<u>PUD 201700496</u>
April 1, 2016	651286	PUD 201500273
		PUD 201500340 (original)

OKLAHOMA GAS AND ELECTRIC COMPANY  
P. O. Box 321

~~2<sup>nd</sup>-3<sup>rd</sup>~~ Revised Sheet No. 51.10  
Replacing ~~1<sup>st</sup>-2<sup>nd</sup>~~ Revised Sheet No.  
51.10

Oklahoma City, Oklahoma 73101

Date Issued ~~March 20XXXX XX,~~  
20172018

STANDARD PRICING SCHEDULE: MBTC  
MILITARY BASE TARIFF CREDIT

STATE OF OKLAHOMA

**EFFECTIVE IN:** All territory served.

**AVAILABILITY:** Available to each customer who is supplied electric service by the Company under Standard Rate Schedule LPL-TOU (Large Power and Light Time-of-Use) and who complies with the Special Conditions as stated below. The MBTC surcharge applies to all Oklahoma retail jurisdiction customers, except those who receive the MBTC credit or are excluded by contract.

**SPECIAL CONDITIONS:** Customers shall meet the following conditions to be eligible to receive billing under this rider.

- 1) All accounts shall have the North American Industrial Classification System (NAICS) code (928110).
- 2) All load served hereunder must be physically located within the confines of the military installation.
- 3) This rate is restricted to military installations whose annual kWh is greater than 50,000,000.

**PRICES:** The credit per kWh was calculated using the MBTC credit formula below. The qualifying kWh from military installation(s) was determined using eligible test-year kWh applied to the MBTC credit formula to determine the MBTC credit amount per kWh.

$$MBTC\ Credit = \frac{(\$804,371)}{419360,835} = \frac{(\$0.00191600)}{784,200600\ 2230}$$

The surcharge per kWh was calculated using the MBTC surcharge formula below. The cost assigned kWh using applicable pro forma test-year kWh applied to the MBTC surcharge formula to determine the MBTC surcharge amount per kWh.

$$MBTC\ Surcharge = \frac{\$804,371}{234,978507,69} = \frac{\$0.00003400}{223,880645\ 0033}$$

**OTHER PROVISIONS:** All provisions of the Standard Rate Schedule for Large Power and Light Time of Use (LPL-TOU) and Terms and Conditions of Service which are not specifically changed by this Rider shall remain in full force and effect.

**TERM:** One Year.

**Rates Authorized by the Oklahoma Corporation Commission:**

Public Utilities Division Stamp

(Effective)	(Order No.)	(Cause/Docket No.)
May 1, 2017	662059	<u>PUD 201700496</u>
August 2, 2012	599558	PUD 201500273
August 3, 2009	569281	PUD 201100087
		PUD 200800398

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Commented [CG2]: CR

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P. O. Box 321

Oklahoma City, Oklahoma 73101

~~2<sup>nd</sup>~~-~~3<sup>rd</sup>~~ Revised Sheet No. 51.11  
Replacing ~~1<sup>st</sup>~~-~~2<sup>nd</sup>~~ Revised Sheet No.

51.11

Date Issued ~~March 20XXXX XX,~~  
20172018

STANDARD PRICING SCHEDULE: MBTC  
MILITARY BASE TARIFF CREDIT

STATE OF OKLAHOMA

**RESTRICTION:** This rider is not available to customers currently being served by Special Contracts.

**Rates Authorized by the Oklahoma Corporation Commission:**

Public Utilities Division Stamp

<u>(Effective)</u>	<u>(Order No.)</u>	<u>(Cause/Docket No.)</u>
May 1, 2017	662059	<u>PUD 201700496</u>
August 2, 2012	599558	PUD 201500273
August 3, 2009	569281	PUD 201100087
		PUD 200800398

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~~3<sup>rd</sup>-4<sup>th</sup>~~ Revised Sheet No. 1  
 Replacing ~~2<sup>nd</sup>-3<sup>rd</sup>~~ Revised Sheet No. 1  
 Date Issued ~~March 20, 2017~~ XXXX XX,  
2018

TERMS AND CONDITIONS OF SERVICE STATE OF OKLAHOMA  
PART IV. ~~INTRODUCTION~~ EXTENSION POLICY

preparation of these plans and specifications will be furnished by the Company to the consumer upon request.

**407 UNDERGROUND DISTRIBUTION SYSTEMS - NETWORK AND COMMERCIAL THROWOVER**

When an indoor installation of transformers or other equipment is required by the consumer, or when the condition of the property is such that an outdoor installation is impractical, the consumer shall furnish upon the property, without cost to the Company, a building, room or vault adequate for the housing of this equipment. This space shall meet the requirements of the National Board of Fire Underwriters and the Company.

Where the service requirements are such that a transformer vault must be installed, the consumer shall extend and terminate the service entrance conductors as approved by the Company inside the vault.

**408 ALLOWABLE EXPENDITURE FORMULA**

If at any time the Company changes ~~the~~ allowable expenditure formula to render electric service, the revisions ~~it~~ shall be provided to the Commission ~~on an annual basis~~ in the form of a letter. This letter shall be sent to the Director of the Public Utility Division of the Commission no later than the first day of the month following ~~the first day of the month following~~ the formula ~~April 1, of each year.~~

**409 CONTRACT ELECTRIC SERVICE**

Contract electric service is service rendered under a signed agreement for a pre-determined length of time. At the sole option of the Company, a contract for service may be waived if there is reasonable expectation on the Company's part of being the provider of full requirements service for the consumer for more than 5 years. Contract electric service is provided as outlined below:

- (1) For initial service which can be furnished from distribution lines, the extension shall be first considered in accordance with Section No. 401, General, and the provisions included in Section No. 205, Single Phase and Three Phase Service to Consumers Served Under Residential Pricing Schedules and Section No. 207, Single Phase and Three Phase Service to Consumers Served Under Commercial Pricing Schedules.

Rates Authorized by the Oklahoma Corporation Commission:			Public Utilities Division Stamp
(Effective)	(Order No.)	(Cause/Docket No.)	
		<u>PUD 201700496</u>	
April 14, 2017	662059	PUD 201500273	
August 2, 2012	599558	PUD 201100087	

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Direct Exhibit GC-4  
Original Sheet No. 52.10

Date Issued XXXX XX, 2018

STANDARD PRICING SCHEDULE: FTCPTC  
Federal Tax Change and Production Tax Credit Rider

STATE OF OKLAHOMA

**EFFECTIVE IN:** All territory served.

**PURPOSE:**

**Federal Tax Change (“FTC”):** This factor is established to comply with final Order No. 671982 of Cause No. PUD 201700569. This factor will credit to Oklahoma retail customers the Oklahoma jurisdictional difference between what the Company recorded as income tax expense with a federal corporate income tax rate of 21% and what the Company otherwise would have recorded with the previous federal corporate income tax rate of 35%, as a result of the federal Tax Cuts and Jobs Act of 2017 signed into law on December 22, 2017. This captures the tax change difference between the time period of January 1, 2018, when the Tax Cuts and Jobs Act of 2017 went into effect, and XXXX 1, 2018, when new rates went into effect as a result of Cause No. PUD 201700496.

**Amortization of the Regulatory Liability (“ARL”):** This factor is established to comply with final Order No. 671982 of Cause No. PUD 201700569. The Company established an Oklahoma jurisdictional regulatory liability to record the savings in ADIT due to the reduced federal corporate income tax rate as a result of the Tax Cuts and Jobs Act of 2017. This rider will true-up the difference between the level of amortization of the regulatory liability included in base rates and the actual level of amortization.

**Production Tax Credits (“PTC”):** To true-up the Oklahoma jurisdictional amount of Federal and State of Oklahoma Production Tax Credits included in base rates to the actual return requirement of Oklahoma jurisdictional Federal and State of Oklahoma Production Tax Credits, received by the Company.

**APPLICABILITY:** This rider is applicable to all Oklahoma retail rate classes and customers except those specifically exempted by special contract.

**TERM:**

**FTC:** The FTC factors implementation will coincide with the implementation of new rates as a result of Cause No. PUD 201700496 and will be credited to customers over one month.

**ARL:** The ARL factors implementation will coincide with the implementation of new rates as a result of Cause No. PUD 201700496 and will remain in effect for as long as the amortization of the regulatory liability remains in base rates, or until closed by Commission order.

**PTC:** The PTC factors implementation will coincide with the implementation of new rates as a result of Cause No. PUD 201700496 and shall remain in effect for as long as Production Tax Credits remains in base rates, or until closed by Commission order.

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**Rates Authorized by the Oklahoma Corporation Commission:**  
(Effective) (Order No.) (Cause/Docket No.)

Public Utilities Division Stamp

PUD 201700496

STANDARD PRICING SCHEDULE: FTCPTC  
Federal Tax Change and Production Tax Credit Rider

STATE OF OKLAHOMA

**FTC FACTOR CALCULATION:** The Company will calculate the FTC Factors using the following formula, on a per kilowatt-hour (kWh) basis, for each of the major rate classes and the combined minor rate classes and will be computed as follows:

$$FTC\ Factor_{class} = \frac{A * B}{C}$$

Where:

A = Oklahoma Jurisdiction income tax expense change balance

B = Revenue Allocator for each class identified above

C = The refund month's kWh derived from the Base kWh for each Class identified above

And:

- a) **Revenue Allocator:** Determined from the revenues as reflected in the final Schedule H-2 from Cause No. PUD 201700496.

Rate Class	PUD 201700496 H-2 Revenues	Allocator Percentage
Residential	\$592,790,256	49.87%
General Service	\$123,354,682	10.38%
Power and Light	\$280,017,402	23.56%
Large Power and Light	\$129,109,908	10.86%
Other	\$63,370,419	5.33%

- b) **Base kWh:** The Oklahoma jurisdictional kWh as reflected in the final Schedule H-2 from Cause No. PUD 201700496, adjusted for growth.

Rate Class	PUD 201700496 H-2 kWh
Residential	8,744,667,308
General Service	1,515,464,521
Power and Light	7,188,131,122
Large Power and Light	6,382,493,222
Other	1,034,075,616

STANDARD PRICING SCHEDULE: FTCPTC  
Federal Tax Change and Production Tax Credit Rider

STATE OF OKLAHOMA

**ARL FACTOR CALCULATION:** The Company will calculate the ARL Factors using the following formula, on a per kilowatt-hour (kWh) basis, for each of the major rate classes and the combined minor rate classes and will be computed as follows:

$$ARL\ Factor_{class} = \frac{Revenue\ Requirement}{Sales}$$

Where:

$$Revenue\ Requirement_{class} = (D - E + F) * G$$

Where:

*D = Actual Oklahoma jurisdictional Amortization of Regulatory Liability Amount*

*E = Amortization of Regulatory Liability Amount included in base rates*

*F = Annual True-Up*

*G = Revenue Allocator for each class identified above*

*Sales = Base kWh for each Class identified above*

And:

- a) **Revenue Allocator:** Same as Revenue Allocator in FTC above.
- b) **Annual True-Up:** The over or under amount which will be the difference between: (the Prior Period Amortization of Regulatory Liability less the amount of Amortization of Regulatory Liability included in Base Rates) less (the Prior Period ARL factor revenues or credits net of the previous Prior Period True-Up).
- c) **Base kWh:** Same as Base kWh in FTC above.

**PTC FACTOR CALCULATION:** Annually, the Company will calculate the PTC using the following formula, on a per kilowatt-hour (kWh) basis, for each of the major rate classes and the combined minor rate classes and will be computed as follows:

$$PTC_{class} = \frac{Revenue\ Requirement}{Sales}$$

Where:

$$Revenue\ Requirement_{class} = (H - I + J) * K$$

**STANDARD PRICING SCHEDULE: FTCPTC**  
**Federal Tax Change and Production Tax Credit Rider**

**STATE OF OKLAHOMA**

Where:

H = *Oklahoma Jurisdiction Federal and State Production Tax Credits projected to be taken for tax purposes during the applicable calendar year.*

I = *Oklahoma Jurisdiction Federal and State Production Tax Credits included in base rates*

J = *Annual True-Up*

K = *Production Demand Allocation Factor for each class identified above*

Sales = *Base kWh for each Class identified above*

And:

- a) **Oklahoma Jurisdiction Estimated Production Tax Credits:** The projected Production Tax Credits to be taken for the applicable calendar year shall be based upon the projected production tax credits to be realized from renewable energy projects plus, as applicable, a jurisdictional portion of deferred Production Tax Credits from prior years from eligible renewable energy projects.
- b) **Production Demand Allocation Factor:** The most recently approved production demand allocation factor.

Rate Class	Allocator Percentage*
Residential	46.9030%
General Service	8.8193%
Power and Light	25.6303%
Large Power and Light	15.4536%
Other	3.1938%

\*Adjusted to exclude jurisdictions not at issue

- c) **Annual True-Up:** The over or under amount which will be the difference between the Prior Period Actual Production Tax Credits received by the Company less the amount of Production Tax Credits included in Base Rates less the Prior Period PTC Rider revenues/credits net of the previous Prior Period True-Up.
- d) **Base kWh:** Same as Base kWh in FTC above.

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Direct Exhibit GC-4  
Original Sheet No. 52.14

Date Issued XXXX XX, 2018

STANDARD PRICING SCHEDULE: FTCPTC  
Federal Tax Change and Production Tax Credit Rider

STATE OF OKLAHOMA

**RATE CLASSES:**

Major Rate Classes = *Residential, General Service, Power and Light, and Large Power and Light*

Combined Minor Rate Classes (Other) = *Oil and Gas Producers + Public Schools (Small and Large) + Municipal Pumping + Municipal Lighting + Outdoor Security Lighting + LED Lighting*

**ANNUAL RE-DETERMINATION:** On or before November 15 of each year, re-determined ARL and PTC rates will be submitted by the Company to the OCC PUD Staff and shall be implemented on the first billing cycle of January.

**BILLING FACTORS (\$ per kWh):**

Rate Class	FTC	ARL	PTC
Residential	\$0.XXXXXXX	\$0.XXXXXXX	\$0.XXXXXXX
General Service	\$0.XXXXXXX	\$0.XXXXXXX	\$0.XXXXXXX
Power and Light	\$0.XXXXXXX	\$0.XXXXXXX	\$0.XXXXXXX
Large Power and Light	\$0.XXXXXXX	\$0.XXXXXXX	\$0.XXXXXXX
Other	\$0.XXXXXXX	\$0.XXXXXXX	\$0.XXXXXXX

**FINAL REVIEW:** The final over/under balances for each of the FTC, ARL, and PTC factors will be refunded or collected through the Rider for Fuel Cost Adjustment. The final over/under balance for the FTC will be determined after the filing of the year-end financial results with regulators for the year-end following the implementation of final rates of Cause No. PUD 201700496. The refund for the FTC will true-up to the final balance of the income tax expense change balance, including considerations for income tax expense included in new rates from Cause No. PUD 201700496.

**Rates Authorized by the Oklahoma Corporation Commission:**  
**(Effective) (Order No.) (Cause/Docket No.)**

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PUD 201700496