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 AUTHORIZING APPLICANT TO MODIFY ITS RATES, CHARGES, AND TARIFFS FOR RETAIL ELECTRIC SERVICE IN OKLAHOMA)	**CAUSE NO. PUD 201700496**

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GREAT SEAL OF THE STATE OF OKLAHOMA
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REBUTTAL TESTIMONY

OF

ZACHARY QUINTERO

MAY 29, 2018

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INTRODUCTION

Q: Please state your name and your business address.

A: My name is Zachary Quintero. My business address is Oklahoma Corporation Commission ("OCC" or "Commission"), Public Utility Division ("PUD"), Jim Thorpe Office Building, Room 580, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105.

Q: Have you previously testified before the Commission and were your qualifications accepted?

A: Yes. I have previously testified before the Commission and my qualifications were accepted at that time.

Q: Who employs you and what is your position?

A: I am employed by the Commission as a Public Utility Regulatory Analyst.

Q: How long have you been so employed?

A: I have been employed by the Commission since July 2017.

Q: What are your duties and responsibilities with PUD?

A: I conduct research and perform comparative analysis of utility applications, reports, financial records, and workpapers to ensure that PUD can make accurate recommendations. For a complete list of my work history and educational background, please review the attached curriculum vitae.[1]

Q: Are you the same Zachary Quintero who filed Responsive Testimony on May 2, 2018, in this Cause?

A: Yes, I am.

PURPOSE

Q: What is the purpose of this Rebuttal Testimony regarding the Application filed by Oklahoma Gas and Electric Company ("OG&E" or "Company") for an order of the Commission authorizing the Company to modify its rates, charges, and tariffs for retail electric service in Oklahoma, as filed in Cause No. PUD 201700496?

A: The purpose of this testimony is to respond to the Attorney General ("AG") of Oklahoma's recommendation to only include actual booked Ad Valorem Tax Expense as of the six-month post test year as part of total Operating Expenses.

AD VALOREM TAX EXPENSE

Q: What did PUD recommend for Ad Valorem Tax Expense in its Responsive Testimony filed on May 2, 2018?

A: As stated in the Responsive Testimony of Zachary Quintero,[2] OG&E provided updated balances of Ad Valorem Tax Expense to the six-month post test year. The adjustment was based upon the net value of plant and property on March 31, 2018, and actual Ad

[1] Responsive Testimony of Zachary Quintero, Exhibit ZJQ-1.
[2] Responsive Testimony of Zachary Quintero, Page 20.

Valorem taxes booked as of that date. The resulting proposed increase in Ad Valorem Tax Expense was $638,746. PUD recommends that the Commission accept this adjustment of Ad Valorem Tax Expense to the Company's six-month post test year balance.

Q: Does PUD have any clarifications to its testimony related to this recommendation?

A: Yes. PUD stated this adjustment was based on "actual Ad Valorem taxes booked as of [March 31, 2018]." However, PUD's adjustment is not based on actual Ad Valorem taxes as of the end of the six-month post test year. Rather, PUD's adjustment is based on the Ad Valorem taxes to be paid based on known and measurable changes in the Company's updated plant in service.

Q: What is the AG's recommendation for Ad Valorem Tax Expense?

A: On Page 10 of Edwin C. Farrar's Responsive Testimony he states, "I agree that the Company used a reasonable methodology, but the adjustment relies on *projected* plant levels. While the Company has provided its March 31, 2018, plant investment amounts, I chose to update this adjustment using the *actual* ad valorem tax accrual for March 2018 for this adjustment."

Q: Does PUD agree with the AG's recommendation for Ad Valorem Tax Expense?

A: No. PUD does not agree with the AG's recommendation to use only actual booked Ad Valorem Tax Expense as of the six-month post test year. The Company will experience a known and measurable increase in its Ad Valorem Tax Expense based on known and measurable changes in its plant in service. AG witness Farrar states that the Company's Ad Valorem Tax Expense level was based on "projected plant levels."[3] However, the Company updated its plant in service to actual amounts whenever it issued the six-month post test year updates.[4] PUD Adjustment No. H-9 is based upon the updated actual plant in service amounts multiplied by the Company's average ad valorem tax rate and then netted against the Ad Valorem Tax Expense level included in the Company's original Application. PUD's adjustment is thus based upon known and measurable data.

RECOMMENDATION

Q: What is PUD's recommendation to the Commission concerning Ad Valorem Tax Expense?

A: PUD recommends the Commission accept PUD Adjustment No. H-9. While AG witness Edwin C. Farrar states the Company is basing its Ad Valorem Tax Expense on a projected plant in service level, PUD Adjustment No. H-9 is based upon the actual plant in service level as of March 31, 2018. PUD believes this recommendation is fair, just, reasonable, and in the public interest.

[3] Responsive Testimony of Edwin C. Farrar, Page 10.
[4] OG&E Response to AG Data Request 12-3.

I state, under penalty of perjury under the laws of Oklahoma, that the foregoing is true and correct to the best of my knowledge and belief.

Zachary Quintero

State of Oklahoma
County of Oklahoma

Subscribed and sworn to before me this 29th day of May, 2018

Susan Howell Hendrick
NOTARY PUBLIC

(Seal, if any)

SUSAN HENDRICK NOTARY # 02017119 EXP. 10/27/18 PUBLIC STATE OF OKLAHOMA

Regulatory Analyst
Title

My Commission Number: 02017119

My Commission Expires: 10/27/18

CERTIFICATE OF SERVICE

I, the undersigned, do hereby certify that on the 29th day of May, 2018, a true and correct copy of the above and foregoing was sent **electronically**, addressed to the following:

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