

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN RE: INQUIRY OF THE OKLAHOMA CORPORATION COMMISSION TO EXAMINE ALTERNATIVE RATEMAKING METHODOLOGIES FOR AND ISSUES OF ELECTRIC PUBLIC UTILITIES, INCLUDING BUT NOT LIMITED TO, PERFORMANCE BASED RATES, AND RIGHT OF FIRST REFUSAL

CASE NO. GD 2023-000005

ORDER NO. 736158

NOTICE OF INQUIRY

BY THE COMMISSION:

On the recommendation of the Public Utility Division (“PUD”), the Oklahoma Corporation Commission (“Commission” or “OCC”) opens this Notice of Inquiry (“NOI”) to identify and examine alternative ratemaking methodologies (“Alternative Ratemaking”). Additionally, relative to these matters, the Commission seeks input regarding any need for changes to 17 O.S. §§ 151 *et seq.* and/or the Commission’s rules in Chapter 35 of Title 165 of the Oklahoma Administrative Code (“OAC”). To the extent a response to a question suggests the need for a rule or statute change, the commenter should provide a redline version of the proposed or suggested language change to be considered.

I. AREAS OF INQUIRY

The resolution of some issues may be addressed through rule changes while others may require statutory changes. The Commission recognizes the significant scope of this inquiry and that some parties may not respond to all questions or topics. The following are some, but not necessarily all, of the areas and associated questions to be considered and for which the Commission would request comment.

A. Alternative Ratemaking

Over recent years, Investor-Owned Utilities (“IOU’s”) have requested Alternative Ratemaking plans in various rate cases. An Alternative Ratemaking plan, in the form of legislation, was also introduced during the 59th Legislative Session in the form of Senate Bill 1103 and Senate Bill 694. On March 23, 2023, the Commission held a special meeting with an agenda item to discuss the issues raised by and possible impacts of the Alternative Ratemaking plan described by Senate Bill 1103. During this special meeting, parties of record who participated in past utility cases at the Commission provided input on Senate Bill 1103.

Against the backdrop of continued interest in Alternative Ratemaking, the Commission, in an effort to identify the important issues that would facilitate a full discussion and consideration of possible Alternative Ratemaking among all stakeholders, requests comment.

To the extent a party would propose, support, or deny Alternative Ratemaking, please

describe the methodology and then comment on any or all of the following questions:

1. What are the issues and or problems with traditional ratemaking practices that implementation of the proposed Alternative Ratemaking would solve?
2. What additional benefits would be passed through to customers, and what additional benefits would be received by utilities with the implementation of the proposed Alternative Ratemaking?
3. How would the implementation of the proposed Alternative Ratemaking more efficiently align the interests of the utilities, ratepayers, and shareholders than through traditional ratemaking?
4. What impact would the implementation of the proposed Alternative Ratemaking have with regards to the participation of utilities in the Southwest Power Pool (“SPP”)?
5. Actions in other states:
 - a. Identify other states that have adopted a form of Alternative Ratemaking.
 - b. Include statutory citations and/or rules implementing the Alternative Ratemaking in those states.
 - c. Describe any benefits or issues seen by the utility, customers, customer advocates, intervenors, and the regulatory agency following implementation of the Alternative Ratemaking methodology in these states.
6. To the extent a party opposes a move from traditional ratemaking practices, what concerns does such a potential move create, whether in general or with regard to a specific Alternative Ratemaking plan?

B. Right of First Refusal (“ROFR”)

In 2011, the Federal Energy Regulatory Commission issued Order No. 1000, which eliminated the federal ROFR for Regional Transmission Organizations (“RTO”s), deferring to states to decide. Many states, including Oklahoma, within the Southwest Power Pool (“SPP”) RTO have enacted their own ROFR laws.

Pursuant to 17 O.S. § 292 – Rights of Incumbent Electric Transmission Owners:

An incumbent electric transmission owner has the right to construct, own and maintain a local electric transmission facility that has been approved for construction in a Southwest Power Pool transmission plan and will interconnect to facilities owned by that incumbent electric transmission owner.

Pursuant to 17 O.S. § 291 – Definitions:

1. "Commission" means the Corporation Commission.

2. "Incumbent electric transmission owner" means any Oklahoma electric public utility, as recognized by the Commission, or its affiliates, or subsidiaries or any electric cooperative, any municipal power agency or any municipal utility that owns, operates and maintains an electric transmission facility in this state or any public utility, as recognized by the Commission, that is engaged in the development of an electric transmission facility in the state as of the effective date of this act.
3. "Local electric transmission facility" means a high-voltage transmission line or high-voltage associated transmission facilities with a rating of greater than sixty-nine (69) kilovolts and less than three hundred (300) kilovolts; and
4. "Southwest Power Pool" means the Southwest Power Pool or any federally recognized successor entity.

Accordingly, the Commission requests comment on the following questions:

1. How would a ROFR on 300+ kV transmission projects provide greater benefits to Oklahoma utility ratepayers?
2. Describe the benefits and implications of a ROFR for 300+ kV transmission projects versus the SPP competitive bidding Order 1000 process.
3. How does our current system of competitive bidding compare to ROFR on saving utility ratepayers money?
4. How would your company differentiate between transmission projects over 300kV?
5. What is your company's interaction between planning and building transmission projects and the SPP planning processes?
6. Does your company plan and/or build/construct transmission projects in Oklahoma over 300kV outside the SPP planning processes?
7. How would a ROFR on 300+ kV transmission projects impact the Commission's ability to regulate the customer rates and proposed transmission projects of IOUs?

II. LEGAL AUTHORITY

The Commission has jurisdiction over the above-entitled NOI pursuant to Article IX, Section 18, of the Oklahoma Constitution and 17 O.S. §§ 151 *et seq.*

III. COMMENTS, TECHNICAL CONFERENCE(S), AND PUBLIC MEETING

Interested persons are invited to submit written comments and to attend public meeting(s)

to the fullest extent possible. The purpose of the public meeting(s) will be to receive pertinent information and to discuss issues and comments received by the Commission in response to this NOI. Commissioners may attend and participate in the public meetings.

Comments: Due October 1, 2023

Those persons interested in submitting comments should file one (1) copy of their written comments, referring to Case No. GD 2023-000005, via the Electronic Case Filing system and provide an electronic copy to Geoffrey Rush at Geoffrey.Rush@occ.ok.gov. Additional comments may be requested.

Technical Conference: November 9, 2023, at 1:30 p.m.

Technical Conference(s) will be held in the Concourse Theater, Suite C50, Will Rogers Memorial Building at 2401 North Lincoln Boulevard, in the Capital Complex, Oklahoma City, Oklahoma 73105. The Concourse Theater is located in the tunnel between the Will Rogers Memorial Office Building and the Sequoyah Memorial Office Building. PUD may schedule additional technical conferences and/or convene smaller working groups of participants to further encourage additional discussion. Notice of these meetings will be distributed via GovDelivery. Those interested in following the docket may subscribe to the Commission’s Electronic Case Filing System (“ECF”).

If you have not submitted comments and wish to take part in the public meeting, please send your email information to Geoffrey Rush. Each technical conference will be issue driven and may not necessarily have discussion on each and every topic raised in the NOI. All notices will be sent via GovDelivery.

PUD may schedule additional technical conferences and may request further continuation of the hearing date based on any ongoing discussions and need for continued stakeholder engagement. Those interested in following the docket may subscribe to ECF.

Also, PUD may convene smaller working groups of participants to further encourage additional discussion.

Public Meeting Date: February 6, 2024, at 1:30 p.m.

The Commission shall consider the issues presented and the comments received in this NOI at a public meeting on February 6, 2024, at 1:30 p.m. in the Concourse Theater, Suite C50, Will Rogers Memorial Building at 2401 North Lincoln Boulevard, in the Capital Complex, Oklahoma City, Oklahoma 73105. The Concourse Theater is located in the tunnel between the Will Rogers Memorial Office Building and the Sequoyah Memorial Office Building. In the event further discussions are necessary, PUD may request a continuance of the public meeting date to ensure all stakeholder input is considered.

For further information and inquiries regarding this NOI, please contact either Geoffrey M. Rush, by telephone at (405)521-6558 or email Geoffrey.Rush@occ.ok.gov or Michael L. Velez, Deputy General Counsel, by telephone (405) 522-5930 or e-mail Michael.Velez@occ.ok.gov.

CORPORATION COMMISSION OF OKLAHOMA



J. TODD HIETT, Chairman



KIM DAVID, Vice Chairman



BOB ANTHONY, Commissioner

DONE AND PERFORMED THIS 1ST DAY OF AUGUST, 2023.

BY ORDER OF THE COMMISSION:



AMY L. CUMMINGS, Commission Secretary

