

ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE FORMULA RATE)
PLAN FILINGS OF OKLAHOMA GAS AND) DOCKET NO. 18-046-FR
ELECTRIC COMPANY PURSUANT TO APSC) ORDER NO. 23
DOCKET NO. 16-052-U)

ORDER

On October 3, 2022, Oklahoma Gas and Electric Company (OG&E) filed an Application, with supporting testimonies, pursuant to the provisions of its Rate Sheet No. 80, Formula Rate Plan Rider (Rider FRP); Ark. Code Ann. §§ 23-4-1201, *et seq.*; and the applicable Arkansas Public Service Commission’s (Commission) *Rules of Practice and Procedure* (RPPs). The Application includes the OG&E Rider FRP 2022 Evaluation Report (Evaluation Report), which evaluates OG&E’s earnings for the formula rate review test period. OG&E proposes a total Rider FRP Revenue Change of approximately \$13.24 million, limited to approximately \$8.53 million because of the statutory four percent cap.

On December 29, 2022, Statements of Errors and Objections (E&Os) were filed by the Office of Arkansas Attorney General Leslie Rutledge (AG) and the General Staff (Staff) of the Commission.¹ Staff also filed supporting testimony to provide evidentiary support for its E&Os, as required by OG&E’s Rate Sheet No. 80.4C. Staff’s E&O position recommends a revenue requirement increase of approximately \$12.99 million, capped at approximately \$9.59 million due to the statutory four percent cap. Staff explains that its recommended increase of \$1,059,511 is due to using an update to OG&E’s Annualized

¹ Arkansas River Valley Energy Consumers (ARVEC) declined to file an E&O, and the AG declined to file supporting testimony.

Filing Year Revenues as of October 2022, whereas OG&E used Annualized Filing Year Revenues as of June 2022 in its Application.²

On January 13, 2023, OG&E filed a Response to E&Os with supporting testimonies. OG&E did not change its proposed revenue requirement, but did revise its four percent cap amount to approximately \$9.59 million, consistent with Staff's E&Os.

On February 1, 2023, OG&E and Staff (collectively the Settling Parties) filed a *Joint Motion to Approve Settlement Agreement, Waive Hearing, and Excuse Witnesses* (Joint Motion), with the Settlement Agreement and supporting testimonies. In the Joint Motion, the Settling Parties request that the Commission approve the Settlement Agreement, waive the evidentiary hearing, admit the pre-filed testimony into the record, and excuse all witnesses. The Commission canceled the hearing by Order No. 22, filed on February 1, 2023.

The Settlement Agreement provides for an FRP Rider Revenue Change of \$12,985,910, capped at \$9,592,322, as recommended in Staff's E&O. Under the Settlement Agreement, an average residential customer in Arkansas will experience a total increase of \$4.85 on the monthly electricity bill, or approximately 4.00 percent.³ The Settlement agreement also stipulates that the Settling Parties will not object to OG&E's request for a finding that the Grid Modernization Series II and Series III projects included in this filing are prudent. Settlement Agreement (Doc. #333, Part 2).

No Parties filed any objection to the Settlement Agreement.⁴

² Staff E&Os at 2 (Doc. #320).

³ 2022 Agreement Testimony of Zachary Quintero, at 4 (Doc # 334).

⁴ The AG and ARVEC are not signatories to the Settlement Agreement, but the Settlement indicates that neither party has any objection to the Settlement Agreement.

No public comments have been submitted since OG&E's Application was filed on October 2, 2022.

Based on the totality of the evidence presented in this Docket, the Commission finds that the Settlement Agreement is just and reasonable and therefore approves the Settlement Agreement as in the public interest. The revised Rider FRP Rate Adjustment shall take effect on April 1, 2023.

While the Commission finds that the increase is consistent with the operation of the Arkansas FRP statutes and OG&E's Rider FRP, the Commission continues to be concerned that the operation of the FRP statute could result in continuing year-to-year rate increases approaching or meeting the four-percent cap. The Commission expects all utilities to control their costs in a prudent and reasonable manner and not utilize the FRP as an automatic yearly four-percent rate increase.

Accordingly, the Commission directs and orders as follows:

1. The Settlement Agreement is approved.
2. The Commission finds that the Grid Modernization Series II and Series III projects included in the Evaluation Report filing are prudent.
3. The Commission makes no findings on the prudence of action or cost for any additional Grid Modernization investment not already in service during this Historical Year.⁵
4. To the extent necessary, in accordance with OG&E's Rider FRP, OG&E shall file within five (5) days after the date of this order revised Rider FRP attachments.

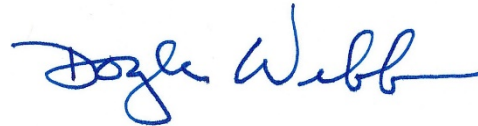
⁵ Historical Year is defined on OG&E's Rate Sheet 80.3G as "the twelve (12) month period ended March 31 immediately preceding the filing of an Evaluation Report."

The filing shall also identify any revised customer impacts under the approved Revenue Change. The other parties have three (3) days to review the revised Attachment A.1.

5. OG&E shall file in this Docket a document showing the cumulative ratepayer impact of the FRP within fifteen (15) days of this final order, incorporating the amount actually approved.

BY ORDER OF THE COMMISSION.

This 2nd day of March, 2023.



Doyle Webb, Chair



Justin Tate, Commissioner



Katie Anderson, Commissioner



Jennifer R. Ivory, Secretary of the Commission

I hereby certify that this order, issued by the Arkansas Public Service Commission, has been served on all parties of record on this date by the following method:

- U.S. mail with postage prepaid using the mailing address of each party as indicated in the official docket file, or
- Electronic mail using the email address of each party as indicated in the official docket file