BEFORE THE 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 201500273

Direct Testimony

of

Donald R. Rowlett

on behalf of

Oklahoma Gas and Electric Company

December 18, 2015

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

A. My name is Donald R. Rowlett. I am the Managing Director of Regulatory Affairs for Oklahoma Gas and Electric Company ("OG&E"). My business address is 321 N. Harvey, P.O. Box 321, Oklahoma City, Oklahoma 73101.

Q. **Please state your educational qualifications and employment history.**

A. I earned a Bachelor of Science degree in Business with an accounting emphasis (1980) and a Master's in Business Administration (1992), from Oklahoma City University. I have also completed all work, except for the dissertation, on a Ph.D. from Oklahoma State University in Business Administration. In 1983, I became a Certified Public Accountant. I joined the OG&E in 1989. I currently serve as Managing Director of Regulatory Affairs where I am responsible for overseeing the Company's economic regulatory activities with the Oklahoma Corporation Commission, the Arkansas Public Service Commission and the Federal Energy Regulatory Commission. I have served in various financial roles in the Company including ten years as Vice President, Controller and Chief Accountant. As the Company's Controller I was responsible for financial and operations accounting, federal, state and local income and property taxes and budgeting. I have also made investor presentations and participated in numerous public equity and debt offerings. Prior to joining OG&E, I was employed by Arthur Andersen & Co. as a financial consultant and audit manager. During my employment, I performed audits of financial statements in a variety of industries. Additionally, I prepared filings with the Securities and Exchange Commission ("SEC") and provided clients with guidance on the financial reporting requirements of the SEC and Generally Accepted Accounting Principles ("GAAP").

Q. **Have you previously testified before this Commission?**

A. Yes. In addition to testifying before the Commission, I have testified on behalf of the

Company before the Arkansas Public Service Commission and the Environmental and Public Works Committee in the United States Senate. I have also filed testimony before the Federal Energy Regulatory Commission.

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

A. The purpose of my testimony is to discuss the relief requested and explain why OG&E is seeking a rate increase at this time. In addition, I discuss some of the key issues in the Company's application. Finally, I will introduce each of the Company witnesses in this proceeding.

Q. **Please state the relief sought from the Commission through this application.**

A. OG&E is requesting a general rate change[1] pursuant to the Commission Rules, including Chapter 70 Minimum Standard Filing Requirements. The accounting exhibits, schedules, testimony and evidence that support the general rate change are included in the Application Package[2] filed in this cause.

Q. **Did OG&E provide the Commission advance notice of the Company's Application?**

A. Yes. Pursuant to OAC 165:70-3-7, a utility is required to provide a 45 day notice to the Commission of its intent to file an Application for a general rate change. The notice is required to be in writing and filed with the Commission's Court Clerk. On July 28, 2015, OG&E filed a Notice of Intent that the Company would be filing an application on or before November 30, 2015 requesting a modification to its rates and charges for its Oklahoma jurisdiction customers. Due to unforeseen circumstances, including severe weather, this Application is filed on December 18, 2015. The Commission and interested parties were notified of the Company's need to extend the date for filing the Application.

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[1] 165:70-1-2. Definitions. "**General Rate Change**" means ... a change in rates resulting in more than a one percent (1%) increase in a utility's jurisdictional annual gross operating revenues unless otherwise allowed by law. A change mandated by regulation or legislation, a change in the terms and conditions of service, a request for a special contract, or a request for a new and/or optional service does not constitute a general rate change.

[2] 165:70-1-2. Definitions. "**Application package**" means the required schedules and testimony filed by a Class A or B utility to initiate a general rate change. See 165:70-3-1 and 165:70-5-4.

Q. **What test year was utilized in developing the Application Package?**

A. The Company's exhibits were based on the financial results of the test year[3] ended June 30, 2015. The Application Package contains *pro forma* adjustments to rate base[4] and *pro forma* adjustments to operating income.[5] *Pro forma* adjustments reflect reasonably known and measurable changes that occur during and after the test year.

I. DISCUSSION OF RELIEF REQUESTED

Q. **Please generally describe OG&E's request for a general rate change in this filing.**

A. OG&E is requesting an overall increase in rates of $92.5 million annually which reflects a 4.9% increase over the rates last set in 2012. The Company expects the new rates to go into effect no later than June of 2016.

Q. **Why is OG&E asking for a rate increase?**

A. The rates implemented in 2012 were based on 2010 costs and are no longer adequate to cover the Company's cost of providing service.

Q. **What factors are driving the need for the increase in revenue for the Company?**

A. OG&E is seeking an adjustment in rates for three primary reasons. First, OG&E's electric system has grown substantially since 2010 and the vast majority of that investment is not being recovered in rates today. That investment includes high voltage transmission, distribution and power generation that is being used every day to serve customers. Second, we have terminated a wholesale generation contract for the benefit of retail customers. Third, while the Company's controllable operational costs, such as employee headcount have remained fairly flat; OG&E's operating costs have gone up since 2010. Those costs include the need for increased vegetation management and depreciation of new plant additions. While increased sales to customers and the emphasis

[3] 165:70-1-2. Definitions. "**Test Year**" means the twelve (12) month period used in determining rate base, operating income and rate of return.

[4] Application Package, Volume II, Section B, Schedule B-4.

[5] Application Package, Volume II, Section H, Schedule H-3.

on holding the line on costs have helped, there is still a revenue shortfall which must be addressed at this time.

Q. **Can you elaborate on the growth in OG&E's electric system?**

A. Since its last rate case, OG&E's service territory has continued to grow and its system has continued to need ongoing investment. OG&E has invested over $2.2 billion in utility infrastructure, $1.6 billion of which is not currently being recovered from Oklahoma customers through rates or existing riders. The Company added a significant amount of infrastructure to its system since the last rate case, including approximately 700 miles of transmission line, approximately 5,500 miles of distribution line (including 2,400 miles of underground), more than 11,000 transformers and twelve substations. The return required to support the new investment accounts for approximately $30.6 million of the Company's requested increase.

Q. **Has the Company taken other steps to meet increasing growth?**

A. As a part of meeting that increasing demand, OG&E terminated several wholesale contracts to free up generation to serve the needs of our retail customers. The largest of those wholesale contracts was in place for more than 50 years. That low cost generating capacity was previously paid for by the wholesale customers and will now need to be allocated to retail customers. Those contracts were terminated in 2015 which provided an immediate benefit to OG&E customers by, in effect, adding over 300 MW of power to the system at a fraction of the cost of purchasing or building a new power plant. The total cost associated with moving existing generation from the wholesale to retail jurisdiction is approximately $16.5 million.

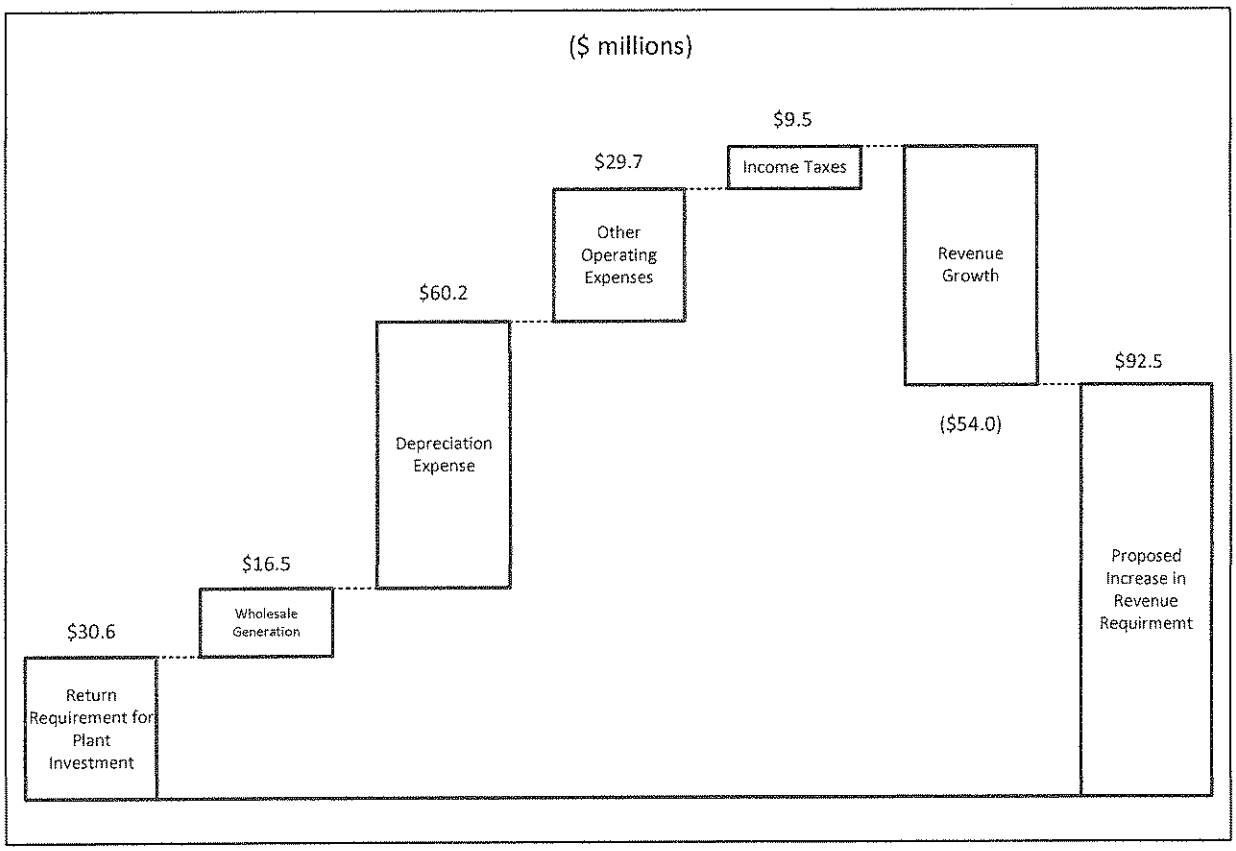
Q. **Please elaborate on the changes in operating expenses since the 2010 test year.**

A. Operating expenses, which include both depreciation expense and other operating expenses, have increased $90 million over this period. Approximately $60.2 million of this increase is due to an increase in depreciation expense. The increase in utility plant has contributed approximately $44.6 million to increased depreciation expense. The Company's proposal to begin recovering dismantlement costs, which I discuss in greater

detail below, makes up approximately $15.6 million of the increase in depreciation expense.

With a few exceptions, the Company has been able to manage its Other Operating and Maintenance expenses at approximately the levels experienced in 2010. Other operating and maintenance expenses have increased about $29.7 million over the *pro forma* test year, primarily because of additional vegetation management costs of $11.2 million and rising labor costs of approximately $10.9 million. These increases in depreciation expense, other operating expenses and income tax expense of $9.5 million have also been partially offset by base rate revenue growth of approximately $54.0 million. Chart 1 below visually depicts the various components discussed above.

Chart 1: Visual Depiction of Rate Increase Drivers



Q. **What efforts has the Company undertaken to mitigate increases in operating costs?**

A. OG&E's has worked very hard to keep operating costs down and the costs the Company can control have been relatively flat since 2010. While serving record numbers of

customers, OG&E has continued to reduce the size of its workforce. In fact, OG&E operates the Company with 224 fewer employees than it had five years ago. This is a continuation of a trend which has seen the Company reduce its workforce by more than forty-five percent over the last 25 years. OG&E has also invested in technology that offers customers more options for controlling their bills while simultaneously allowing the Company to operate more efficiently and at lower cost. Increased operating costs have also been offset to some extent by increased revenues associated with growth in the Oklahoma economy.

Q. **Has the Company taken any other action that will mitigate the increased cost of providing service to its customers?**

A. Yes. OG&E reset its Oklahoma Fuel Adjustment Clause ("FAC") factor to reflect the current cost of fuel and purchased power. The annual factor also includes the return to customers of any excess FAC costs collected or recovery of under collection of FAC costs. Beginning January 1, 2016 the Oklahoma FAC will be reduced to reflect current fuel prices being experienced by the Company. This decrease is primarily due to lower natural gas prices. As a result, the average residential customer bill will experience a reduction of about $6.75 per month.

Q. **What impact will the proposed rate increase have on monthly residential electric bills?**

A. All things considered, the average residential customer will only see a net increase of approximately $0.47 per month. Combining the $7.22 per month increase proposed in this Cause with the reduction in fuel costs that will begin January 1, 2016, the total customer impact when rates go into effect in June 2016 will be minimal.

Q. **Will the increase in rates as proposed by the Company result in all customer classes paying their full cost of service?**

A. No. OG&E has proposed that the revenue allocation among customer classes generally follow the allocation approved by the Commission in PUD 201100087, Order 599558.

Witness Scott and Wai more fully describe the Company's revenue allocation and rate design.

Q. **Does OG&E support moving towards each customer class paying its full cost of service?**

A. Yes. OG&E believes that moving towards setting each customer class' rates to recover 100% of its cost of service is appropriate. Witness Scott discusses the difference between full cost of service allocation for each class and the allocation proposed by the Company in this cause. The Company encourages the Commission to begin moving each customer class's rates toward its total cost and therefore reduce subsidies that may exist in current rates. OG&E looks forward to working with the Commission staff, AG's office and other interveners in this case to develop a plan to move OG&E's rate design towards this goal.

Q. **As currently proposed, what will be the impact on OG&E's large industrial customers?**

A. Large Power and Light ("LPL") customers will see a net decrease of approximately 1.6% per month beginning in June of 2016. This reduction will be even greater when considering the reduction in fuel costs which goes into effect January 1, 2016.

Q. **How will the proposed increase impact OG&E's rates compared to the national average?**

A. OG&E's rates are currently well below the national average and will continue to be so even with the proposed increase. Currently, OG&E's overall retail rates are 23% below that national average and residential rates specifically are 20% percent below the national average. [6] Combining the proposed rate increase and the reduction in fuel cost recovery, OG&E's overall retail rates advantage remains approximately the same.

[6] Edison Electric Institute Typical Bills and Average Rates Report, Winter 2015.

Q. **Will a rate increase impact customer satisfaction?**

A. Certainly no one likes to see the cost of anything go up but OG&E knows that its customers value things in addition to price. Each year, J.D. Power and Associates ("J.D. Power") conducts an independent customer satisfaction survey. The 2015 survey included 102,000 customers of 140 different electric utilities across the United States. The survey asks residential electric customers about their satisfaction with power quality and reliability, price, billing and payment, corporate citizenship, communications, and customer service. Based on all these elements, OG&E ranks first in overall residential customer satisfaction in the South Large region of the U.S., which is comprised of 13 utility companies. This is the third year in a row that OG&E has ranked number one among the region's largest electric utilities, and it is the fourth year out of the last five that OG&E has ranked number one in the same region. In the long run, OG&E does not believe that a price increase alone will jeopardize these high rankings.

Q. **Is there a connection between the Company's need for additional revenues and customer satisfaction?**

A. Yes. One of the key reasons customer satisfaction is so high is the Company's focus on ensuring reliability and protecting the system from outages. However, the challenges in maintaining reliability are becoming tougher as OG&E faces increasingly stringent reliability standards, a growing power delivery system, and increased vegetation management costs including unanticipated natural events. OG&E's customers expect the Company to rise to meet these challenges.

Q. **Why is it important for the Commission to grant the relief requested?**

A. Cost recovery is the basis for OG&E's ability to meet customer expectations. Whether it is to power a television or an industrial arc furnace, OG&E must be ready around the clock to provide that power at the customer's demand. Meeting that obligation takes constant work and investment. OG&E spends over a million dollars a day on Operations and Maintenance ("O&M") costs, almost two million dollars a day on infrastructure investments and over two million dollars a day on fuel and purchase power, all to support reliable operations.

Q. **Why is it important for OG&E to remain a financially sound utility?**

A. The suppliers of capital, both equity and debt investors, have choices. OG&E wants to be as attractive as possible to investors when they are deciding where to invest their money. Investors will make different investment decisions if recovery is uncertain and/or a fair return is not granted for investments already made and in service. This makes the cost of capital more expensive, which ultimately increases costs to customers. The Company's ability to borrow under favorable terms will be negatively impacted. This is especially important as the Company moves forward with replacing aging infrastructure, meeting federal environmental mandates and ensuring a reliable supply of electricity.

II. DISCUSSION OF KEY ISSUES

A. Wholesale Contract Expiration

Q. **Has OG&E executed its strategy to exit the bilateral wholesale market?**

A. Yes. In 2007, OG&E announced its goal to reach the year 2020 without adding incremental fossil-fueled electric generation thereby postponing the costs of new generation and allowing time to gain a clearer picture of the path forward in the environmental arena. One initiative for reaching the goal was termination of OG&E's wholesale contracts. Terminating the wholesale contracts provided over 300 MW of generating capacity to retail customers without adding new generation.

Q. **What is the status of this exit strategy?**

A. The last remaining wholesale customer, Arkansas Valley Electric Cooperative Corporation ("AVEC"), representing 229 MW of the total wholesale load, was terminated in June 2015.

Q. **How does the expiration of the wholesale contracts affect the requested relief in this rate proceeding?**

A. The generating capacity which was previously paid for by the wholesale customers will now be allocated to retail customers. The generation resources made available by terminating the wholesale contracts is a portfolio of generation that includes coal, natural gas and wind resources.

Q. **How does the reallocation of wholesale costs benefit retail customers?**

A. The reallocation benefits retail customers because the embedded cost of generation that was previously allocated to the wholesale jurisdiction is about $283 per kW. If OG&E was still serving its wholesale customers, OG&E would need new incremental capacity in addition to existing capacity before next summer. Any new generation would be significantly more expensive than the $283 per kW cost of reallocating the wholesale portion of OG&E's existing capacity. For example, the cost of new combined cycle ("CC") generation is estimated to be approximately $1,250 per kW.

B. Vegetation Management

Q. **What is vegetation management?**

A. Vegetation management is a program to keep trees and other vegetation out of the power lines. Power outages during periods of high wind or ice are reduced by maintaining space between the electrical system and nearby vegetation. Company witness Jarod Cassada discusses in detail the integration of various control methods that the Company uses to manage space around the lines to prevent interruptions. Normal vegetation growth means that space has a finite life expectancy and must be reclaimed on a cyclical basis. Failure to do so impacts OG&E's ability to deliver safe, reliable and affordable electricity.

Q. **What are the current challenges OG&E faces with regard to vegetation management?**

A. As mentioned earlier, OG&E has experienced significant growth in its transmission and distribution line miles. Since 2010, OG&E has experienced a 15% increase in transmission lines, for a total of 5,152 miles. Overhead distribution line miles have increased by 11% since the last rate case and 18,587 miles are subject to the four year vegetation management cycle, required by this Commission. These increases have impacted the level of spend required to maintain both the transmission and distribution lines on OG&E's system.

Q. **What is the Company requesting in this case?**

A. OG&E is requesting a $5.5 million increase from the average 5 year spend for distribution and transmission vegetation management. In addition, the Company is proposing a vegetation management tracker which will account for variances above or below the level recovered in base rates. The tracker balance will accumulate and will be refunded or recovered as determined in the next general rate case.

C. Depreciation

Q. **Are there any changes to OG&E's depreciation rate schedules that you would like to address?**

A. Yes. OG&E is requesting a change in depreciation expense to account for the increased level of plant requested in this case as well as new depreciation rates. These changes increase total Company depreciation expense by approximately $29.6 million. Those changes are fully discussed by OG&E witness Spanos. However, I would like to discuss two issues related to depreciation: (i) dismantlement costs, a concept that is being introduced in this depreciation study and that represents approximately $18.3 million of the total Company increase; and (ii) depreciation rates for future assets, which has no impact on the revenue requirement in this cause.

Q. **Why is OG&E proposing to begin recovering the cost of dismantling its generation stations at this time?**

A. Some of OG&E's generation units are reaching an age where retirement dates are foreseeable. In OG&E's recent integrated resource plan ("IRP") submittals, the Company has included estimated unit retirement dates. It is appropriate to reflect those retirement dates in the new depreciation study and begin collecting a portion of dismantlement costs through depreciation rates over the remaining life of the units. The Company has developed an estimate of the cost of dismantling its electric generation units and is proposing systematic recovery of those costs.

Q. **Why is it important to reflect dismantlement costs in this depreciation study?**

A. Retirement of these plants is inevitable. Delaying the recovery of dismantlement costs will only increase the burden for customers in the future when the plants are no longer providing benefits.

Q. **Why is it important for the Commission to approve depreciation rates for future assets?**

A. OG&E is asking for approval of depreciation rates that will be applied to assets when they go into service after the end of the *pro forma* test year. When assets are placed in service, they immediately begin depreciating in value. Therefore, OG&E must have depreciation rates in place to properly begin recording depreciation expense.

Q. **Do these depreciation rates for future assets affect the revenue requirement in this proceeding?**

A. No.

D. Production Tax Credit Rate Treatment

Q. **What treatment is OG&E requesting for Production Tax Credits ("PTCs")?**

A. OG&E is requesting that the FAC be used to credit customers for the value of PTCs from the Centennial, OU Spirit and Crossroads wind farms. The credits for Centennial and OU Spirit were estimated and used as a component of the calculation of customers' base rates in the Company's last base rate case (Cause No. PUD 201100087). The actual level of PTC credits earned from Crossroads wind farm are currently credited back to customers through the Crossroads Rider.

Q. **What is a PTC?**

A. A PTC is a tax credit which reduces the income taxes of qualified tax-paying owners of renewable energy projects based on the electrical output (measured in kilowatt-hours, or kWh) of grid-connected renewable energy facilities. The PTC is an incentive that provides financial support for development of renewable energy facilities. Companies, like OG&E, that generate electricity from wind, or other renewables are eligible for a

federal PTC, which provides a $0.023 per kWh incentive for the first ten years of a renewable energy facility's operation. The Oklahoma state PTC provides a $0.0025 per kWh incentive for facilities placed in service prior to January 1, 2007 and a $0.005 per kWh incentive for facilities placed in service after January 1, 2007. PTCs have been used to reduce the income tax expense component of the Company's cost of service and the PTC's have been used to reduce the cost recovered through individual project riders.

Q. **Is OG&E's proposed treatment consistent with the direction the Commission has been moving with respect to the inclusion of costs in the FAC?**

A. Yes. The Commission has in previous cases moved in the direction of including all of the marginal costs of generating or purchasing energy into the fuel adjustment clause. Moving the PTCs to the FAC would be consistent with this direction. In addition, the amount of PTCs generated is highly variable and directly tied to the volume of energy produced from the wind farms. This suggests that the FAC is the appropriate mechanism for passing through PTC credits using an energy allocator.

Q. **Are there any other reasons for this change?**

A. Yes. As mentioned above, the PTCs are available for the first ten years of production from the facility. Beginning in the eleventh year, the PTCs are no longer available. The ability to generate PTCs from the Centennial facility ends in 2017. By moving the PTCs to the FAC, the level of PTCs credited to customers can be adjusted each month to reflect the actual level of credits being generated. Otherwise, OG&E would have to initiate another rate case in mid-2016 to make sure base rates were adjusted to reflect the expiration of the PTCs.

Q. **What is the amount of the PTC credit that will flow through the FAC?**

A. The PTC credit amounts to an approximate $2.71 reduction per month for residential customers, on average, for tax credits that will now be passed through the FAC. For LPL customers, these PTCs amount to a $10,137 credit per month, on average, for tax credits passing through the FAC.

Q. **Does this change impact the revenue requirement requested in this cause?**

A. No. The overall effect of this proposal is to remove the credit for OU Spirit and Centennial wind farms from base rates and instead flow the credit through the FAC. Similarly the credit that was previously included as an offset to the Crossroads wind farm revenue requirement will now be included as a credit through the FAC.

E. Environmental Compliance Projects

Q. **What is OG&E requesting in this rate case regarding compliance with EPA's Regional Haze and Mercury and Air Toxics Standards ("MATS") rules?**

A. OG&E is requesting that the Commission (i) include the low NO_X burners and ACI environmental compliance projects that were completed and placed in service during the *pro forma* test year period in rate base; (ii) grant recovery of air quality control systems ("AQCS") consumable costs through the FAC; and (iii) approve a regulatory asset for costs associated with low NO_X burners and ACI environmental compliance projects that will be placed in service in 2016 and early 2017.

Q. **What environmental projects have been completed and are currently in service or are projected to be in service by the end of the *pro forma* test year period?**

A. The Company has completed the conversion to Low NO_X burners at five of the seven Regional Haze impacted generating units. OG&E expects to have the Activated Carbon Injection ("ACI") systems completed by December 31, 2015 on both the Sooner and Muskogee plants.

Q. **What are the expected costs for the environmental projects that will be completed in the *pro forma* test year?**

A. OG&E has installed or will have installed approximately $72 million in environmental projects by December 31, 2015. The revenue requirement for these EPA-mandated projects is approximately $11.4 million, *i.e.*, $6.9 million for the low NO_X burners and $4.5 million for the ACI projects.

Q. **Are these projects used and useful and providing benefits to customers?**

A. Yes. All of the projects completed will be used and useful by the end of the *pro forma* test year period.

Q. **What recovery is OG&E seeking related to AQCS?**

A. OG&E is once again requesting recovery of the AQCS costs through the FAC in this general rate proceeding. OG&E sought approval for the recovery of the costs of AQCS consumables through the FAC in PUD Cause No. 201400229. In that proceeding, the Commission denied the Company's request to recover these consumable costs through the FAC. The Commission stated that the variability of these costs was not a sufficient basis for inclusion in the FAC.[7] However, the Commission also stated that it would be more appropriate for the Company to request this change in a general rate proceeding. The Company believes that a periodic adjustment mechanism like the FAC is the appropriate mechanism for recovering AQCS costs because of the unpredictability around the dispatch of generation in the SPP IM. If the costs are in base rates, in any given year, the customers will under or over pay for this cost. The Company proposes modifications to the FAC tariff to include recovery of the actual costs for consumables necessary for the operation of the environmental control equipment recorded in FERC accounts 502 Steam Expense and 548 Generation Expense.

Q. **Why is the FAC the appropriate mechanism for recovery of the AQCS costs?**

A. AQCS consumable costs have the characteristics of costs that are typically included in a periodic recovery mechanism like the FAC. The quantity of AQCS consumables used varies with the quantity of electricity produced. As more electricity is generated, more emissions are created and more consumables are needed to control the emissions impact. Therefore, consumable costs vary with the amount of energy produced from the generating units and these costs are directly correlated to the amount of fuel consumed. In the SPP IM, OG&E offers its coal fired generation units into the market based on each unit's marginal cost of production, including the cost of AQCS consumables. The SPP

[7] Order No. 647346, Cause No. PUD 201400229, at 17.

commits and dispatches the generation resources offered to the market and the number of hours each unit will run is dependent on market conditions. The market price the SPP pays OG&E for the power sold into the IM will therefore include the cost of AQCS. The Company currently includes the cost of generation fuel in the FAC and credits the FAC for revenue received from the SPP IM. Including the cost of AQCS consumables in the FAC would result in the proper matching of revenues and expenses. Further, the prices of some AQCS consumables are highly variable and the amount of AQCS consumables to be utilized with the SPP's dispatching of OG&E's generating sources is not easily predicted and not easily controlled through management's efforts. Given this variability, the FAC is the more appropriate mechanism to recover the variable cost of AQCS consumables. The amount and cost of AQCS consumables will be subject to review in each annual fuel prudency review.

Q. **Has the Company estimated annual AQCS costs?**

A. Yes. Based on anticipated levels of production for the affected units, including projected consumable costs for both the MATS and Regional Haze rules, the Company estimates a total Company cost of approximately $6.2 million annually in both 2016 and 2017. The Oklahoma jurisdictional portion of these costs is about $5.6 million.

Q. **Has the Commission previously approved the recovery of AQCS costs through a Fuel Adjustment Clause?**

A. Yes, as part of a settlement agreement, the Commission approved FAC recovery of AQCS consumables (limestone, activated carbon and ammonia) for Empire District Electric Company.[8]

[8] Empire District Electric Company OCC Cause No. PUD 201100082 Order No. 592623.

Q. **Does the Company have a recommendation if the Commission determines that the FAC is not the preferred recovery mechanism for AQCS costs?**

A. Yes. The Company would propose, as an alternative, that the Commission include the estimated annual AQCS cost of $6.2 million in base rates and establish a regulatory asset/liability to track actual AQCS costs that are below or above this $6.2 million.

Q. **Are there environmental projects that will go into service after the *pro forma* test year period?**

A. Yes. There are two remaining Low NO_X burner installations that will be completed by early 2017. This capital investment totals approximately $46.3 million.

Q. **What regulatory treatment is OG&E proposing for these environmental projects?**

A. For those projects completed after December 31, 2015, OG&E is requesting a regulatory asset to allow for the ultimate recovery of depreciation and operating costs between the time that assets go into service and new rates are established in a future general rate case. This treatment is appropriate because of the nature of the mandated investment. This would be similar to the treatment associated with post-test year environmental project costs contained in PSO's current rate case (Cause No. PUD 201500208) as recommended by staff witness Craig Roach.

Q. **If a regulatory asset is authorized, will the Commission continue to have the ability to review the reasonableness of the costs associated with each of the projects?**

A. Yes. The Commission has an ongoing responsibility of reviewing whether the project costs were reasonably incurred. Specific costs can be disallowed if the regulator determines they are unreasonable.

F. Community Solar Pilot

Q. **Please describe OG&E's Mustang Solar Project.**

A. OG&E seeks to continually explore new technologies and customer options. To facilitate this objective and recognizing the declining cost and technology improvements for a renewable, zero emission resource, the Company sought to test the impacts of solar on

safety, maintenance and reliability on its electric system. OG&E's solar project, constructed at the Company's Mustang facility, is a 2,520 kW, solar production facility, constructed in two arrays. In conjunction with the construction of the Mustang Solar Project, the Company is also offering a voluntary subscription to this renewable energy through its Community Solar Pilot, as filed in Cause No. PUD 201500340.

Q. **What are the benefits of the Mustang Solar Project and the Community Solar Pilot?**

A. A community solar program allows customers an option to receive the benefits of renewable solar power without having to install it on their roof. The Company's ability to serve customers is enhanced from the knowledge it will gain from analysis of its first solar farm and how to integrate solar energy into its portfolio.

Q. **What is the Company requesting in this case?**

A. The Company has included the capital costs of the solar farm in rate base. The amount included in rate base is approximately $7.5 million.

G. Return on Equity

Q. **What return on equity is OG&E proposing in this proceeding?**

A. OG&E Witness Hevert recommends a ROE range of 10.25 to 10.75 percent. OG&E has decided to utilize the bottom of Witness Hevert's range and requests that the Commission authorize a ROE of 10.25 percent.

Q. **Why did OG&E select the lower end of the range recommended by its expert witness?**

A. OG&E primarily selected the 10.25% ROE to mitigate the size of the requested rate increase. In addition, OG&E believes that 10.25 percent is consistent with the average recently granted ROEs for both utilities being regulated by "above average" regulatory jurisdictions and "A" rated utilities like OG&E.

Q. **What data did the Company use to verify that a 10.25 percent ROE is consistent with "A" rated utilities like OG&E and utilities being regulated by above average regulatory jurisdictions?**

A. OG&E Witness Hevert recently filed rebuttal testimony on behalf of PSO in Cause No. PUD 201500208. In that rebuttal testimony, Witness Hevert attached an exhibit (PSO Exhibit RBH-28R) that looked at all recently authorized ROEs since the beginning of 2012. This data reveals two important insights. First, in Table 1 below, the data contained in PSO Exhibit RBH-28R demonstrates that the median authorized return for vertically integrated utilities that operate in jurisdictions ranked "Above Average" remains at 10.26 percent. While the Oklahoma Corporation Commission is considered "Average" by Regulatory Research Associates ("RRA"), OG&E used the "Above Average" value because the Company believes that this Commission seeks to be considered "Above Average" in its regulatory functions and the most "constructive" by the financial community.

Table 1: Above Average Authorized ROE (%) by RRA Ranking

RRA Ranking	All Cases Above Avg.	Vertically Integrated Utilities Above Avg.
Total Cases	22	22
Mean	10.26	10.26
Median	10.25	10.25

Q. **Did OG&E utilize this data in another way?**

A. Yes. OG&E took the data and then looked at all the ROEs from utilities that have debt credit ratings that are the same or higher than OG&E by Moody's, Fitch and S&P. When one looks at all similarly or higher rated utilities, the average authorized ROE for those utilities since 2012 is 10.2 percent. I am attaching Direct Exhibit DRR-1, which is Witness Hevert's exhibit filed in the PSO rate case, and Direct Exhibit DRR-2, which contains the analysis of the recent ROE based on credit ratings.

Q. **Do customers benefits from Oklahoma having a constructive rating in the financial community?**

A. Yes. It allows OG&E to maintain an ROE at the lower end of its recommended range while successfully competing for capital. Investors have a choice whether to invest in OG&E or other companies with similar risk profiles. OG&E believes it is in customers' interests to be an attractive investment when investors are deciding where to invest their money. By authorizing a ROE that is consistent with similarly rated utilities and the best regulatory jurisdictions, the Commission sends a clear message that investors will be treated fairly as compared to other similar investment opportunities.

H. Customer Rates and Program Options

Q. **How is OG&E approaching the customer experience?**

A. As discussed by OG&E witnesses Bryan Scott and Ahmad Faruqui, OG&E is focused on improving customer experience and overall satisfaction by sending appropriate pricing signals and offering additional customer programs. Some of these efforts include a pay-as-you-go tariff rate, continuation of SmartHours, and demand charges for some residential customers.

Q. **What improvements has OG&E made to enhance the overall customer experience?**

A. OG&E has made several improvements to assist customers in managing their electricity costs. Specifically, OG&E has implemented a new online platform, designed with the mobile user in mind. With the rollout of digital meters, the Company has enabled remote meter reading, resulting in fewer estimated bills, instant reconnections and reduced high bill complaints. The Company has also educated customers about pricing and billing options and the idea that electricity costs more on-peak than it does off-peak. This customer education is aimed at giving customers tools to manage their total bill while optimizing their use of electricity.

Q. **Does OG&E provide specific billing options to assist its customers during difficult economic times?**

A. Yes. OG&E has a number of billing options that are designed to provide certain qualifying customers flexibility in paying their bills. First, OG&E offers a deferred payment agreement. This type of agreement helps customers during hardship situations, including loss of employment, medical situations or unexpected high bills. During the summer months, June through October, the Company offers a bill discount available for senior citizens as described by witness Scott. OG&E also offers fixed income customers the option to extend their payment due date. This allows customers to align their payment due dates with the receipt of their fixed income. OG&E customer service representatives can provide customers with a list of social service agencies to assist customers in need, and assist customers in seeking a sales tax exemption if their annual income is $20,000 or less.

Q. **Has the Company experienced a positive response to SmartHours?**

A. Yes. The program has proved to be exceptionally successful. In fact, while other utilities in the country boast of a 2% adoption rate, OG&E customers have adopted SmartHours at the 15% level. As of December 31, 2014, there were over 100,000 participants being billed on the company's VPP or TOU tariffs. Table 2 below provides active participant counts at year end by customer type.

Table 2: Active Oklahoma Participants at Year End

Customer Type	Dec. 2012	Dec. 2013	Dec. 2014
Non-Residential	1,692	2,553	5,714
Residential	41,283	73,740	98,827
Total	**42,975**	**76,293**	**104,541**

Our 2015 enrollment, as of November 30, 2015, was 112,114 active Oklahoma customers. These strong enrollment numbers demonstrate customer desire for this type of program.

Q. **Can you summarize the benefits of the SmartHours program for customers?**

A. Not only does the SmartHours program enable remote meter reading, resulting in fewer estimated bills, instant reconnections and reduced high bill complaints, but the program allows customers the ability to lower their monthly bills and create opportunities for energy savings. SmartHours also creates a reduction in peak demand of approximately 150 MW. This demand savings helps OG&E achieve its goal of no new incremental fossil fuel generation before 2020. Such a delay in additional capacity saves all customers money.

Q. **Is OG&E proposing an option for customers who are concerned about smart meters?**

A. Yes. OG&E is proposing two options for the very small number of residential customers that have expressed an interest in either avoiding or limiting usage of smart meters on their homes. Under the first option, a customer may choose to request removal of the existing communicating digital meter and instead have OG&E install a non-communicating digital meter on the customer's home. This option is designed to allow customers the choice to pay for manual meter reading and services and forfeit the benefits that smart meters provide, such as outage restoration benefits, SmartHours program participation and other operational benefits. This option would require the customer to pay a one-time fee for upfront costs associated with implementing the "opt-out" for the customer. Such fee would include the cost of the new meter, a restocking fee for the removed smart meter, and the labor costs for the removal of the old meter and installation of the new meter. This fee would also include a portion of the software and accounting costs that are required to manually record, account for, and bill under a manual reading system and track eligibility and participation. The customer would get a credit for the cost of any smart meter that can be restocked and placed back into inventory. The total one-time fee to implement this option would be $115.00.

Q. **Would this first option also involve a monthly fee?**

A. Yes. Because the Company would have to send a truck and employee out to the residence to manually read the meter, OG&E would need to charge a monthly fee for this

manual meter reading function. The cost of sending a truck and employee out to a customer's residence is approximately $47 on average. In order to reduce this cost to opt-out customers, OG&E would require those customers to be placed on the average monthly bill rate, so OG&E would only read the meter quarterly and estimate the customer's bill in those months when the meter is not read manually. By only reading the meter on a quarterly basis, OG&E would spread the quarterly truck roll costs across several months and would only require opt-out customers to pay $15.66 per month.

Q. **What is the second option for customers?**

A. Some customers may prefer to keep their communicating digital meter, but limit overall meter communications and eliminate the transmission of usage data through the smart grid network. These are customers who would prefer to preserve the smart-meter enabled outage restoration benefits, and other operational benefits. For example, retaining the smart meter would allow customers to receive alarms and signals from OG&E operations, benefit from enhanced outage restoration timing, and have timely remote connect/disconnect service. This option would eliminate remote meter reading and limit customer-specific usage data from being sent back to OG&E on the smart grid communications network. Because this option would leave the existing smart meter in place, the upfront fee to implement this option would only be $84 for the portion of the software and accounting costs that are required to manually record, account for, and bill under a manual reading system and track eligibility and participation. Since OG&E would still require a truck roll to manually read the meter, OG&E would institute the same quarterly process discussed above for the first option. The monthly fee for this second option would also be $15.66.

Q. **Can you summarize the two options in table form?**

A. Yes. Below are the two options shown in Table 3.

Table 3: Cost Summary of Smart Meter Opt-Out

Cost Category	Option 1	Option 2
New Non-Communicating Meter Cost	$ 43	$ 0
Old Smart Meter Restocking Fee	$ 37	$ 0
Credit for Old Smart Meter	$ (120)	$ 0
Installation/Removal Cost	$ 71	$ 0
Software and Accounting Charges	$ 84	$ 84
Total One-Time Cost Per Customer	$ 115	$ 84
Monthly Charge	$ 15.66	$ 15.66

Q. **How do these charges compare to the initial and monthly charges proposed by PSO?**

A. In Cause No PUD 201500109, PSO proposed a one-time fee of $261 after full smart meter deployment and a monthly fee of $28. The ALJ has recommended approval of these charges in an October 28, 2015 report.

Q. **Is OG&E proposing any changes to the existing riders?**

A. Yes. Of OG&E's twelve current riders and/or trackers, the Company is proposing to eliminate six. Five of these riders are no longer needed because the costs included in those riders are being incorporated into base rates. Also, elements of the Renewable Transmission System Addition ("RTSA") are being distributed to other riders. OG&E witness Cash provides a complete discussion on rider eliminations and modifications.

Table 4 - Rider Elimination

Riders	Proposed
System Hardening Program Rider ("SHPR")	Eliminated
Security Rider ("SR")	Eliminated
SmartGrid Rider ("SGR")	Eliminated
Crossroads Rider ("CR")	Eliminated
Southwest Power Pool Transmission System Additions ("STSA")	Eliminated
Renewable Transmission System Additions ("RTSA")	Eliminated

III. INTRODUCTION OF OG&E WITNESSES

Q. Please identify the OG&E witnesses and purposes of their testimonies.

A. Table 5 lists OG&E's witnesses and a brief description of the purpose of each testimony.

Table 5 – OG&E Witness List

Witness	Title	Purpose of Testimony
Donald R. Rowlett	Managing Director, Regulatory	Identifies each of the Company witnesses, outlines the relief requested, explains why OG&E is seeking a rate increase at this time and discusses key issues such as environmental compliance, customer options, and ROE.
Robert B. Hevert	Managing Partner, Sussex Economic Advisors, LLC.	Provides independent analysis of the Company's cost of equity and recommends an allowed rate of return on equity ("ROE") in the range of 10.25% to 10.75% to allow the Company to both attract capital on reasonable terms and maintain financial strength.
Jason J. Thenmadathil	Senior Regulatory Accountant	Sponsors the Company's *pro forma* adjustments to rate base and operating expense and to remove rider cost from the test year.
Jarod Cassada	Supervisor, Vegetation Management	Sponsors a modification to the funding level of current Vegetation Management Program.
Ahmad Faruqui	Principal, The Brattle Group	Supports the Company's move to a three-part pricing structure.
John J. Spanos	Senior Vice President, Gannett Fleming Valuation and Rate Consultants, LLC	Sponsors the Company's depreciation study.
Patricia Ruden	Director, Total Rewards	Supports the reasonableness of OG&E's compensation plans and practices.
David Smith	Senior Costing Analyst	Supports the Company's development of the jurisdictional and class allocations and class cost of service studies.
William H. Wai	Manager, Pricing	Sponsors OG&E's proof of revenue (Schedule M-4) and updated tariffs (Schedule N).
Bryan J. Scott	Director, Pricing and Load Research	Describes the goals, principles and information sources that impact development of OG&E's rate design.
Gwin Cash	Manager, Rate Administration	Sponsors the *pro forma* revenue and sales adjustments to Schedule H and revisions to OG&E's Terms and Conditions.

IV. CONCLUSION

Q. Do you have any concluding remarks?

A. Yes. OG&E is a company with rates well below the national average, offers electric service that is highly reliable and has customers who repeatedly rank us the best in the region and among the best in the nation. For a relatively small investor-owned electric utility, OG&E is recognized in the electric utility industry as being a leader. The

Company gained those distinctions through hard work, good planning, innovative thinking and a strong focus on the customer in all that it does.

OG&E comes before the Oklahoma Corporation Commission with the request to increase rates and I believe the requested rate increase is fair, just and reasonable and in the public interest. The Company has delayed that request as long as possible but in order to preserve the level of reliability that its customers have come to expect and to ensure a company that is financially viable to do so, OG&E respectfully requests that this increase in rates be granted.

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

A. Yes.

Recently Authorized ROEs

State	Company	Case Identification	Service	Case Type	Date	Return on Equity (%)	Vertically Integrated	Distribution	RRA Rank	All Cases			Vertically Integrated		
										Above Average	Average	Below Average	Above Average	Average	Below Average
South Carolina	Duke Energy Carolinas LLC	D-2011-271-E	Electric	Vertically Integrated	1/25/2012	10.50	10.50		Average / 1		10.50			10.50	
North Carolina	Duke Energy Carolinas LLC	D-E-7, Sub 989	Electric	Vertically Integrated	1/27/2012	10.50	10.50		Average / 1		10.50			10.50	
Michigan	Indiana Michigan Power Co.	C-U-16801	Electric	Vertically Integrated	2/15/2012	10.20	10.20		Average / 1		10.20			10.20	
Oregon	Idaho Power Co.	D-UE-233	Electric	Vertically Integrated	2/23/2012	9.90	9.90		Average / 3		9.90			9.90	
Florida	Gulf Power Co.	D-110138-EI	Electric	Vertically Integrated	2/27/2012	10.25	10.25		Above Average / 3	10.25			10.25		
North Dakota	Northern States Power Co. - MN	C-PU-10-657	Electric	Vertically Integrated	2/29/2012	10.40	10.40		Average / 1		10.40			10.40	
Minnesota	Northern States Power Co. - MN	D-E-002/GR-10-971	Electric	Vertically Integrated	3/29/2012	10.37	10.37		Average / 2		10.37			10.37	
Hawaii	Hawaii Electric Light Co	D-2009-0164	Electric	Vertically Integrated	4/4/2012	10.00	10.00		Average / 1		10.00			10.00	
Colorado	Public Service Co. of CO	D-11AL-947E	Electric	Vertically Integrated	4/26/2012	10.00	10.00		Average / 1		10.00			10.00	
Hawaii	Maui Electric Company Ltd	D-2009-0163	Electric	Vertically Integrated	5/2/2012	10.00	10.00		Average / 1		10.00			10.00	
Washington	Puget Sound Energy Inc.	D-UE-111048	Electric	Vertically Integrated	5/7/2012	9.80	9.80		Average / 2		9.80			9.80	
Arizona	Arizona Public Service Co.	D-E-01345A-11-0224	Electric	Vertically Integrated	5/15/2012	10.00	10.00		Average / 3		10.00			10.00	
Illinois	Commonwealth Edison Co.	D-11-0721	Electric	Distribution	5/29/2012	10.05		10.05	Below Average / 1			10.05			
Michigan	Consumers Energy Co.	C-U-16794	Electric	Vertically Integrated	6/7/2012	10.30	10.30		Average / 1		10.30			10.30	
New York	Orange & Rockland Utlts Inc.	C-11-E-0408	Electric	Distribution	6/14/2012	9.40		9.40	Average / 2		9.40				
Wisconsin	Wisconsin Power and Light Co	D-6680-UR-118 (elec)	Electric	Vertically Integrated	6/15/2012	10.40	10.40		Above Average / 2	10.40			10.40		
Wyoming	Cheyenne Light Fuel Power Co.	D-20003-114-ER-11 (elec)	Electric	Vertically Integrated	6/18/2012	9.60	9.60		Average / 2		9.60			9.60	
South Dakota	Northern States Power Co. - MN	D-EL11-019	Electric	Vertically Integrated	6/19/2012	9.25	9.25		Average / 3		9.25			9.25	
Michigan	Wisconsin Electric Power Co.	C-U-16830	Electric	Vertically Integrated	6/26/2012	10.10	10.10		Average / 1		10.10			10.10	
Hawaii	Hawaiian Electric Co.	D-2010-0080	Electric	Vertically Integrated	6/29/2012	10.00	10.00		Average / 1		10.00			10.00	
Oklahoma	Oklahoma Gas and Electric Co.	Ca-PUD201100087	Electric	Vertically Integrated	7/9/2012	10.20	10.20		Average / 2		10.20			10.20	
Wyoming	PacifiCorp	D-20000-405-ER-11	Electric	Vertically Integrated	7/16/2012	9.80	9.80		Average / 2		9.80			9.80	
Maryland	Potomac Electric Power Co.	C-9286	Electric	Distribution	7/20/2012	9.31		9.31	Below Average / 2			9.31			
Maryland	Delmarva Power & Light Co.	C-9285	Electric	Distribution	7/20/2012	9.81		9.81	Below Average / 2			9.81			
Texas	Entergy Texas Inc.	D-39896	Electric	Vertically Integrated	9/13/2012	9.80	9.80		Average / 3		9.80			9.80	
Utah	PacifiCorp	D-11-035-200	Electric	Vertically Integrated	9/19/2012	9.80	9.80		Average / 2		9.80			9.80	
Illinois	Ameren Illinois	D-12-0001	Electric	Distribution	9/19/2012	10.05		10.05	Below Average / 1			10.05			
District of Columbia	Potomac Electric Power Co.	FC-1087	Electric	Distribution	9/26/2012	9.50		9.50	Average / 3		9.50				
New Jersey	Atlantic City Electric Co.	D-ER-11080469	Electric	Distribution	10/23/2012	9.75		9.75	Average / 3		9.75				
Wisconsin	Wisconsin Public Service Corp.	D-6690-UR-121 (Elec)	Electric	Vertically Integrated	10/24/2012	10.30	10.30		Above Average / 2	10.30			10.30		
Wisconsin	Madison Gas and Electric Co.	D-3270-UR-118 (elec)	Electric	Vertically Integrated	11/9/2012	10.30	10.30		Above Average / 2	10.30			10.30		
Wisconsin	Wisconsin Electric Power Co.	D-05-UR-106 (WEP-Elec)	Electric	Vertically Integrated	11/28/2012	10.40	10.40		Above Average / 2	10.40			10.40		
Delaware	Delmarva Power & Light Co.	D-11-528	Electric	Distribution	11/29/2012	9.75		9.75	Average / 3		9.75				
California	Liberty Utilities LLC	A-12-02-014	Electric	Vertically Integrated	11/29/2012	9.88	9.88		Average / 1		9.88			9.88	
Illinois	Ameren Illinois	D-12-0293	Electric	Distribution	12/5/2012	9.71		9.71	Below Average / 1			9.71			
Pennsylvania	PPL Electric Utilities Corp.	D-R-2012-2290597	Electric	Distribution	12/5/2012	10.40		10.40	Average / 3		10.40				
Missouri	Union Electric Co.	C-ER-2012-0166	Electric	Vertically Integrated	12/12/2012	9.80	9.80		Average / 2		9.80			9.80	
Kansas	Kansas City Power & Light	D-12-KCPE-764-RTS	Electric	Vertically Integrated	12/13/2012	9.50	9.50		Average / 2		9.50			9.50	
Florida	Florida Power & Light Co.	D-120015-EI	Electric	Vertically Integrated	12/13/2012	10.50	10.50		Above Average / 3	10.50			10.50		
Wisconsin	Northern States Power Co - WI	D-4220-UR-118 (elec)	Electric	Vertically Integrated	12/14/2012	10.40	10.40		Above Average / 2	10.40			10.40		
Illinois	Commonwealth Edison Co.	D-12-0321	Electric	Distribution	12/19/2012	9.71		9.71	Below Average / 1			9.71			
South Carolina	South Carolina Electric & Gas	D-2012-218-E	Electric	Vertically Integrated	12/19/2012	10.25	10.25		Average / 1		10.25			10.25	
Rhode Island	Narragansett Electric Co.	D-4323 (electric)	Electric	Distribution	12/20/2012	9.50		9.50	Average / 3		9.50				
Oregon	PacifiCorp	D-UE-246	Electric	Vertically Integrated	12/20/2012	9.80	9.80		Average / 3		9.80			9.80	
Kentucky	Kentucky Utilities Co.	C-2012-00221	Electric	Vertically Integrated	12/20/2012	10.25	10.25		Average / 1		10.25			10.25	
Kentucky	Louisville Gas & Electric Co.	C-2012-00222 (elec.)	Electric	Vertically Integrated	12/20/2012	10.25	10.25		Average / 1		10.25			10.25	
California	San Diego Gas & Electric Co.	Ap-12-04-016 (Elec)	Electric	Vertically Integrated	12/20/2012	10.30	10.30		Average / 1		10.30			10.30	
California	Pacific Gas and Electric Co.	Ap-12-04-018 (Elec)	Electric	Vertically Integrated	12/20/2012	10.40	10.40		Average / 1		10.40			10.40	
California	Southern California Edison Co.	Ap-12-04-015	Electric	Vertically Integrated	12/20/2012	10.45	10.45		Average / 1		10.45			10.45	
North Carolina	Virginia Electric & Power Co.	D-E-22, Sub 479	Electric	Vertically Integrated	12/21/2012	10.20	10.20		Average / 1		10.20			10.20	
Washington	Avista Corp.	D-UE-120436	Electric	Vertically Integrated	12/26/2012	9.80	9.80		Average / 2		9.80			9.80	
Missouri	Kansas City Power & Light	C-ER-2012-0174	Electric	Vertically Integrated	1/9/2013	9.70	9.70		Average / 2		9.70			9.70	
Missouri	KCP&L Greater Missouri Op Co	C-ER-2012-0175 (L&P)	Electric	Vertically Integrated	1/9/2013	9.70	9.70		Average / 2		9.70			9.70	
Missouri	KCP&L Greater Missouri Op Co	C-ER-2012-0175 (MPS)	Electric	Vertically Integrated	1/9/2013	9.70	9.70		Average / 2		9.70			9.70	
Indiana	Indiana Michigan Power Co.	Ca-44075	Electric	Vertically Integrated	2/13/2013	10.20	10.20		Above Average / 3	10.20			10.20		
Maryland	Baltimore Gas and Electric Co.	C-9299 (elec)	Electric	Distribution	2/22/2013	9.75		9.75	Below Average / 2			9.75			
Louisiana	Southwestern Electric Power Co	D-U-32220	Electric	Vertically Integrated	2/27/2013	10.00	10.00		Average / 1		10.00			10.00	
New York	Niagara Mohawk Power Corp.	D-12-E-0201	Electric	Distribution	3/14/2013	9.30		9.30	Average / 2		9.30				
Idaho	Avista Corp.	C-AVU-E-12-08	Electric	Vertically Integrated	3/27/2013	9.80	9.80		Average / 2		9.80			9.80	
Ohio	Duke Energy Ohio Inc.	C-12-1682-EL-AIR	Electric	Distribution	5/1/2013	9.84		9.84	Average / 2		9.84				
Michigan	Consumers Energy Co.	C-U-17087	Electric	Vertically Integrated	5/15/2013	10.30	10.30		Average / 1		10.30			10.30	
North Carolina	Duke Energy Progress Inc.	D-E-2, Sub 1023	Electric	Vertically Integrated	5/30/2013	10.20	10.20		Average / 1		10.20			10.20	
Hawaii	Maui Electric Company Ltd	D-2011-0092	Electric	Vertically Integrated	5/31/2013	9.00	9.00		Average / 1		9.00			9.00	
Arizona	Tucson Electric Power Co.	D-E-01933A-12-0291	Electric	Vertically Integrated	6/11/2013	10.00	10.00		Average / 3		10.00			10.00	
New Jersey	Atlantic City Electric Co.	D-ER-12121071	Electric	Distribution	6/21/2013	9.75		9.75	Average / 3		9.75				
Washington	Puget Sound Energy Inc.	D-UE-130137	Electric	Vertically Integrated	6/25/2013	9.80	9.80		Average / 2		9.80			9.80	
Maryland	Potomac Electric Power Co.	C-9311	Electric	Distribution	7/12/2013	9.36		9.36	Below Average / 2			9.36			
Minnesota	Northern States Power Co. - MN	D-E-002/GR-12-961	Electric	Vertically Integrated	8/8/2013	9.83	9.83		Average / 2		9.83			9.83	
Connecticut	United Illuminating Co.	D-13-01-19	Electric	Distribution	8/14/2013	9.15		9.15	Below Average / 2			9.15			
South Carolina	Duke Energy Carolinas LLC	D-2013-59-E	Electric	Vertically Integrated	9/11/2013	10.20	10.20		Average / 1		10.20			10.20	

Recently Authorized ROEs

State	Company	Case Identification	Service	Case Type	Date	Return on Equity (%)	Vertically Integrated	Distribution	RRA Rank	All Cases			Vertically Integrated		
										Above Average	Average	Below Average	Above Average	Average	Below Average
Florida	Tampa Electric Co.	D-130040-EI	Electric	Vertically Integrated	9/11/2013	10.25	10.25		Above Average / 3	10.25			10.25		
North Carolina	Duke Energy Carolinas LLC	D-E-7, Sub 1026	Electric	Vertically Integrated	9/24/2013	10.20	10.20		Average / 1		10.20			10.20	
Texas	Southwestern Electric Power Co	D-40443	Electric	Vertically Integrated	10/3/2013	9.65	9.65		Average / 3		9.65			9.65	
Wisconsin	Wisconsin Public Service Corp.	D-6690-UR-122 (Elec)	Electric	Vertically Integrated	11/6/2013	10.20	10.20		Above Average / 2	10.20			10.20		
Kansas	Westar Energy Inc.	D-13-WSEE-629-RTS	Electric	Vertically Integrated	11/21/2013	10.00	10.00		Average / 2		10.00			10.00	
Virginia	Virginia Electric & Power Co.	C-PUE-2013-00020	Electric	Vertically Integrated	11/26/2013	10.00	10.00		Above Average / 2	10.00			10.00		
Florida	Gulf Power Co.	D-130140-EI	Electric	Vertically Integrated	12/3/2013	10.25	10.25		Above Average / 3	10.25			10.25		
Washington	PacifiCorp	D-UE-130043	Electric	Vertically Integrated	12/4/2013	9.50	9.50		Average / 2		9.50			9.50	
Wisconsin	Northern States Power Co - WI	D-4220-UR-119 (Elec)	Electric	Vertically Integrated	12/5/2013	10.20	10.20		Above Average / 2	10.20			10.20		
Illinois	Ameren Illinois	D-13-0301	Electric	Distribution	12/9/2013	8.72		8.72	Below Average / 1			8.72			
Oregon	Portland General Electric Co.	D-UE-262	Electric	Vertically Integrated	12/9/2013	9.75	9.75		Average / 3		9.75			9.75	
Maryland	Baltimore Gas and Electric Co.	C-9326 (elec)	Electric	Distribution	12/13/2013	9.75		9.75	Below Average / 2			9.75			
Louisiana	Entergy Gulf States LA LLC	D-U-32707	Electric	Vertically Integrated	12/16/2013	9.95	9.95		Average / 1		9.95			9.95	
Louisiana	Entergy Louisiana LLC	D-U-32708	Electric	Vertically Integrated	12/16/2013	9.95	9.95		Average / 1		9.95			9.95	
Nevada	Sierra Pacific Power Co.	D-13-06002	Electric	Vertically Integrated	12/16/2013	10.12	10.12		Average / 2		10.12			10.12	
Arizona	UNS Electric Inc.	D-E-04204A-12-0504	Electric	Vertically Integrated	12/17/2013	9.50	9.50		Average / 3		9.50			9.50	
Georgia	Georgia Power Co.	D-36989	Electric	Vertically Integrated	12/17/2013	10.95	10.95		Above Average / 3	10.95			10.95		
Illinois	Commonwealth Edison Co.	D-13-0318	Electric	Distribution	12/18/2013	8.72		8.72	Below Average / 1			8.72			
Oregon	PacifiCorp	D-UE-263	Electric	Vertically Integrated	12/18/2013	9.80	9.80		Average / 3		9.80			9.80	
Michigan	Upper Peninsula Power Co.	C-U-17274	Electric	Vertically Integrated	12/19/2013	10.15	10.15		Average / 1		10.15			10.15	
Arkansas	Entergy Arkansas Inc.	D-13-028-U	Electric	Vertically Integrated	12/30/2013	9.50	9.50		Average / 3		9.50			9.50	
New York	Consolidated Edison Co. of NY	C-13-E-0030	Electric	Distribution	2/20/2014	9.20		9.20	Average / 2		9.20				
North Dakota	Northern States Power Co. - MN	C-PU-12-813	Electric	Vertically Integrated	2/26/2014	9.75	9.75		Average / 1		9.75			9.75	
New Hampshire	Liberty Utilities Granite St	D-DE-13-063	Electric	Distribution	3/17/2014	9.55		9.55	Average / 3		9.55				
District of Columbia	Potomac Electric Power Co.	FC-1103-2013-E	Electric	Distribution	3/26/2014	9.40		9.40	Average / 3		9.40				
New Mexico	Southwestern Public Service Co	C-12-00350-UT	Electric	Vertically Integrated	3/26/2014	9.96	9.96		Below Average / 1			9.96			9.96
Delaware	Delmarva Power & Light Co.	D-13-115	Electric	Distribution	4/2/2014	9.70		9.70	Average / 3		9.70				
Texas	Entergy Texas Inc.	D-41791	Electric	Vertically Integrated	5/16/2014	9.80	9.80		Average / 3		9.80			9.80	
Massachusetts	Fitchburg Gas & Electric Light	DPU 13-90	Electric	Distribution	5/30/2014	9.70		9.70	Average / 3		9.70				
Wisconsin	Wisconsin Power and Light Co	D-6680-UR-119 (Elec)	Electric	Vertically Integrated	6/6/2014	10.40	10.40		Above Average / 2	10.40			10.40		
Maine	Emera Maine	D-2013-00443	Electric	Distribution	6/30/2014	9.55		9.55	Average / 2		9.55				
Maryland	Potomac Electric Power Co.	C-9336	Electric	Distribution	7/2/2014	9.62		9.62	Below Average / 2			9.62			
Louisiana	Entergy Louisiana LLC	D-UD-13-01	Electric	Vertically Integrated	7/10/2014	9.95	9.95		Average / 1		9.95			9.95	
New Jersey	Rockland Electric Company	D-ER-13111135	Electric	Distribution	7/23/2014	9.75		9.75	Average / 3		9.75				
Maine	Central Maine Power Co.	D-2013-00168	Electric	Distribution	7/29/2014	9.45		9.45	Average / 2		9.45				
Wyoming	Cheyenne Light Fuel Power Co.	D-20003-132-ER-13	Electric	Vertically Integrated	7/31/2014	9.90	9.90		Average / 2		9.90			9.90	
New Jersey	Atlantic City Electric Co.	D-ER-14030245	Electric	Distribution	8/20/2014	9.75		9.75	Average / 3		9.75				
Vermont	Green Mountain Power Corp	D-8190, 8191	Electric	Vertically Integrated	8/25/2014	9.60	9.60		Average / 3		9.60			9.60	
Utah	PacifiCorp	D-13-035-184	Electric	Vertically Integrated	8/29/2014	9.80	9.80		Average / 2		9.80			9.80	
Florida	Florida Public Utilities Co.	D-140025-EI	Electric	Vertically Integrated	9/15/2014	10.25	10.25		Above Average / 3	10.25			10.25		
Nevada	Nevada Power Co.	D-14-05004	Electric	Vertically Integrated	10/9/2014	9.80	9.80		Average / 2		9.80			9.80	
Illinois	MidAmerican Energy Co.	D-14-0066	Electric	Vertically Integrated	11/6/2014	9.56	9.56		Below Average / 1			9.56			9.56
Wisconsin	Wisconsin Public Service Corp.	D-6690-UR-123 (Elec)	Electric	Vertically Integrated	11/6/2014	10.20	10.20		Above Average / 2	10.20			10.20		
Wisconsin	Wisconsin Electric Power Co.	D-05-UR-107 (WEP-Elec)	Electric	Vertically Integrated	11/14/2014	10.20	10.20		Above Average / 2	10.20			10.20		
Virginia	Appalachian Power Co.	C-PUE-2014-00026	Electric	Vertically Integrated	11/26/2014	9.70	9.70		Above Average / 2	9.70			9.70		
Wisconsin	Madison Gas and Electric Co.	D-3270-UR-120 (Elec)	Electric	Vertically Integrated	11/26/2014	10.20	10.20		Above Average / 2	10.20			10.20		
Oregon	Portland General Electric Co.	D-UE-283	Electric	Vertically Integrated	12/4/2014	9.68	9.68		Average / 3		9.68			9.68	
Illinois	Ameren Illinois	D-14-0317	Electric	Distribution	12/10/2014	9.25		9.25	Below Average / 1			9.25			
Illinois	Commonwealth Edison Co.	D-14-0312	Electric	Distribution	12/10/2014	9.25		9.25	Below Average / 1			9.25			
Mississippi	Entergy Mississippi Inc.	D-2014-UN-0132	Electric	Vertically Integrated	12/11/2014	10.07	10.07		Above Average / 3	10.07			10.07		
Wisconsin	Northern States Power Co - WI	D-4220-UR-120 (Elec)	Electric	Vertically Integrated	12/12/2014	10.20	10.20		Above Average / 2	10.20			10.20		
Connecticut	Connecticut Light & Power Co.	D-14-05-06	Electric	Distribution	12/17/2014	9.17		9.17	Below Average / 2			9.17			
Colorado	Black Hills Colorado Electric	D-14AL-0393E	Electric	Vertically Integrated	12/18/2014	9.83	9.83		Average / 1		9.83			9.83	
Wyoming	PacifiCorp	D-20000-446-ER-14	Electric	Vertically Integrated	1/23/2015	9.50	9.50		Average / 2		9.50			9.50	
Colorado	Public Service Co. of CO	D-14AL-0660E	Electric	Vertically Integrated	2/24/2015	9.83	9.83		Average / 1		9.83			9.83	
New Jersey	Jersey Cntrl Power & Light Co.	D-ER-12111052	Electric	Distribution	3/18/2015	9.75		9.75	Average / 3		9.75				
Washington	PacifiCorp	D-UE-140762	Electric	Vertically Integrated	3/25/2015	9.50	9.50		Average / 2		9.50			9.50	
Minnesota	Northern States Power Co. - MN	D-E-002/GR-13-868	Electric	Vertically Integrated	3/26/2015	9.72	9.72		Average / 2		9.72			9.72	
Michigan	Wisconsin Public Service Corp.	C-U-17669	Electric	Vertically Integrated	4/23/2015	10.20	10.20		Average / 1		10.20			10.20	
Missouri	Union Electric Co.	C-ER-2014-0258	Electric	Vertically Integrated	4/29/2015	9.53	9.53		Average / 2		9.53			9.53	
West Virginia	Appalachian Power Co.	C-14-1152-E-42T	Electric	Vertically Integrated	5/26/2015	9.75	9.75		Below Average / 1			9.75			9.75
Missouri	Kansas City Power & Light	C-ER-2014-0370	Electric	Vertically Integrated	9/2/2015	9.50	9.50		Average / 2		9.50			9.50	
Kansas	Kansas City Power & Light	D-15-KCPE-116-RTS	Electric	Vertically Integrated	9/10/2015	9.30	9.30		Average / 2		9.30			9.30	
					Total Cases	133	98	35		22	92	19	22	73	3
					Mean	9.87	9.98	9.55		10.26	9.85	9.51	10.26	9.90	9.76
					Median	9.80	10.00	9.62		10.25	9.80	9.62	10.25	9.83	9.75
					Maximum	10.95	10.95	10.40		10.95	10.50	10.05	10.95	10.50	9.96
					Minimum	8.72	9.00	8.72		9.70	9.00	8.72	9.70	9.00	9.56

Approved Company Data							Moody's	S&P	Fitch	A- Rated ROE Analysis		
Docket Number	State	Company Name	Ultimate Parent Company Name	Ultimate Parent Ticker	Rate Case Completion Date (mm/dd/yyyy)	Authorized Return on Equity (%)	Long-term Issuer Ratings as of the Rate Case Date			Company	Date	ROE
D-2011-271-E	SC	Duke Energy Carolinas, LLC	Duke Energy Corporation	DUK	1/25/2012	10.5	A3	A-		Duke Energy Carolinas, LLC	1/25/2012	10.5
D-E-7, Sub 989	NC	Duke Energy Carolinas, LLC	Duke Energy Corporation	DUK	1/27/2012	10.5	A3	A-		Duke Energy Carolinas, LLC	1/27/2012	10.5
C-U-16801	MI	Indiana Michigan Power Company	American Electric Power Company, Inc.	AEP	2/15/2012	10.2	Baa2		BBB-			
D-UE-233	OR	Idaho Power Co.	IDACORP, Inc.	IDA	2/23/2012	9.9	Baa1	BBB	NULL			
D-110138-EI	FL	Gulf Power Company	Southern Company	SO	2/27/2012	10.3	A3		A-	Gulf Power Company	2/27/2012	10.3
C-PU-10-657	ND	Northern States Power Company - MN	Xcel Energy Inc.	XEL	2/29/2012	10.4		A-	A-	Northern States Power Company - MN	2/29/2012	10.4
D-E-002/GR-10-971	MN	Northern States Power Company - MN	Xcel Energy Inc.	XEL	3/29/2012	10.4		A-	A-	Northern States Power Company - MN	3/29/2012	10.4
D-2009-0164	HI	Hawaii Electric Light Company, Inc.	Hawaiian Electric Industries, Inc.	HE	4/4/2012	10.0		BBB-				
D-11AL-947E	CO	Public Service Company of Colorado	Xcel Energy Inc.	XEL	4/26/2012	10.0		A-	BBB+			
D-2009-0163	HI	Maui Electric Company, Limited	Hawaiian Electric Industries, Inc.	HE	5/2/2012	10.0		BBB-				
D-UE-111048	WA	Puget Sound Energy, Inc.	Puget Holdings LLC		5/7/2012	9.8	Baa2	BBB				
D-E-01345A-11-0224	AZ	Arizona Public Service Company	Pinnacle West Capital Corporation	PNW	5/15/2012	10.0	Baa2	BBB	BBB			
D-11-0721	IL	Commonwealth Edison Company	Exelon Corporation	EXC	5/29/2012	10.1	Baa2	BBB	BBB-			
C-U-16794	MI	Consumers Energy Company	CMS Energy Corporation	CMS	6/7/2012	10.3	(P)Baa2	BBB-	BBB			
C-11-E-0408	NY	Orange and Rockland Utilities, Inc.	Consolidated Edison, Inc.	ED	6/14/2012	9.4	Baa1	A-	BBB+			
D-6680-UR-118 (elec)	WI	Wisconsin Power and Light Company	Alliant Energy Corporation	LNT	6/15/2012	10.4	A2					
D-20003-114-ER-11 (elec)	WY	Cheyenne Light, Fuel and Power Company	Black Hills Corporation	BKH	6/18/2012	9.6						
D-EL11-019	SD	Northern States Power Company - MN	Xcel Energy Inc.	XEL	6/19/2012	9.3		A-	A-	Northern States Power Company - MN	6/19/2012	9.3
C-U-16830	MI	Wisconsin Electric Power Company	WEC Energy Group, Inc.	WEC	6/26/2012	10.1	A2	A-	A	Wisconsin Electric Power Company	6/26/2012	10.1
D-2010-0080	HI	Hawaiian Electric Company, Inc.	Hawaiian Electric Industries, Inc.	HE	6/29/2012	10.0	Baa1	BBB-				
Ca-PUD201100087	OK	Oklahoma Gas and Electric Company	OGE Energy Corp.	OGE	7/9/2012	10.2		BBB+	A			
D-20000-405-ER-11	WY	PacifiCorp	Berkshire Hathaway Inc.	BRK.A	7/16/2012	9.8		A-	BBB			
C-9285	MD	Delmarva Power & Light Company	Pepco Holdings, Inc.	POM	7/20/2012	9.8		BBB+	BBB+			
C-9286	MD	Potomac Electric Power Company	Pepco Holdings, Inc.	POM	7/20/2012	9.3		BBB+	BBB+			
D-39896	TX	Entergy Texas, Inc.	Entergy Corporation	ETR	9/13/2012	9.8		BBB	NULL			
D-11-035-200	UT	PacifiCorp	Berkshire Hathaway Inc.	BRK.A	9/19/2012	9.8		A-	BBB			
D-12-0001	IL	Ameren Illinois Company	Ameren Corporation	AEE	9/19/2012	10.1	Baa2	BBB-	BBB-			
FC-1087	DC	Potomac Electric Power Company	Pepco Holdings, Inc.	POM	9/26/2012	9.5		BBB+	BBB+			
D-ER-11080469	NJ	Atlantic City Electric Company	Pepco Holdings, Inc.	POM	10/23/2012	9.8	Baa2	BBB+	BBB			
D-6690-UR-121 (Elec)	WI	Wisconsin Public Service Corporation	WEC Energy Group, Inc.	WEC	10/24/2012	10.3	A2	A-		Wisconsin Public Service Corporation	10/24/2012	10.3
D-3270-UR-118 (elec)	WI	Madison Gas and Electric Company	MGE Energy, Inc.	MGEE	11/9/2012	10.3	A1					
D-05-UR-106 (WEP-Elec)	WI	Wisconsin Electric Power Company	WEC Energy Group, Inc.	WEC	11/28/2012	10.4	A2	A-	A	Wisconsin Electric Power Company	11/28/2012	10.4
A-12-02-014	CA	Liberty Utilities LLC	Algonquin Power & Utilities Corp.	AQN	11/29/2012	9.9						
D-11-528	DE	Delmarva Power & Light Company	Pepco Holdings, Inc.	POM	11/29/2012	9.8		BBB+	BBB+			
D-12-0293	IL	Ameren Illinois Company	Ameren Corporation	AEE	12/5/2012	9.7	Baa2	BBB-	BBB-			
D-R-2012-2290597	PA	PPL Electric Utilities Corporation	PPL Corporation	PPL	12/5/2012	10.4	Baa2	BBB	BBB			
C-ER-2012-0166	MO	Union Electric Company	Ameren Corporation	AEE	12/12/2012	9.8	Baa2	BBB-	BBB+			
D-12-KCPE-764-RTS	KS	Kansas City Power & Light Company	Great Plains Energy Inc.	GXP	12/13/2012	9.5	Baa2	BBB				
D-120015-EI	FL	Florida Power & Light Company	NextEra Energy, Inc.	NEE	12/13/2012	10.5	A2	A-	A	Florida Power & Light Company	12/13/2012	10.5
D-4220-UR-118 (elec)	WI	Northern States Power Company - WI	Xcel Energy Inc.	XEL	12/14/2012	10.4	(P)A3	A-	A-	Northern States Power Company - WI	12/14/2012	10.4
D-12-0321	IL	Commonwealth Edison Company	Exelon Corporation	EXC	12/19/2012	9.7	Baa2	BBB	BBB-			
D-2012-218-E	SC	South Carolina Electric & Gas Co.	SCANA Corporation	SCG	12/19/2012	10.3	Baa2	BBB+	BBB+			
Ap-12-04-015	CA	Southern California Edison Company	Edison International	EIX	12/20/2012	10.5			A-			
Ap-12-04-016 (Elec)	CA	San Diego Gas & Electric Co.	Sempra Energy	SRE	12/20/2012	10.3		A	A	San Diego Gas & Electric Co.	12/20/2012	10.3
Ap-12-04-018 (Elec)	CA	Pacific Gas and Electric Company	PG&E Corporation	PCG	12/20/2012	10.4		BBB	BBB+			
C-2012-00221	KY	Kentucky Utilities Company	PPL Corporation	PPL	12/20/2012	10.3	Baa1	BBB	A-			
C-2012-00222 (elec.)	KY	Louisville Gas and Electric Company	PPL Corporation	PPL	12/20/2012	10.3	Baa1	BBB	A-			
D-4323 (electric)	RI	Narragansett Electric Company	National Grid plc		12/20/2012	9.5	A3					
D-UE-246	OR	PacifiCorp	Berkshire Hathaway Inc.	BRK.A	12/20/2012	9.8		A-	BBB			
D-E-22, Sub 479	NC	Virginia Electric and Power Company	Dominion Resources, Inc.	D	12/21/2012	10.2	A3		BBB+			
D-UE-120436	WA	Avista Corporation		AVA	12/26/2012	9.8	Baa2	BBB	NULL			
C-ER-2012-0174	MO	Kansas City Power & Light Company	Great Plains Energy Inc.	GXP	1/9/2013	9.7	Baa2	BBB				
C-ER-2012-0175 (L&P)	MO	KCP&L Greater Missouri Operations Company	Great Plains Energy Inc.	GXP	1/9/2013	9.7	Baa3	BBB	NULL			
C-ER-2012-0175 (MPS)	MO	KCP&L Greater Missouri Operations Company	Great Plains Energy Inc.	GXP	1/9/2013	9.7	Baa3	BBB	NULL			
Ca-44075	IN	Indiana Michigan Power Company	American Electric Power Company, Inc.	AEP	2/13/2013	10.2	Baa2		BBB-			
C-9299 (elec)	MD	Baltimore Gas and Electric Company	Exelon Corporation	EXC	2/22/2013	9.8	Baa1	BBB+	BBB			
D-U-32220	LA	Southwestern Electric Power Company	American Electric Power Company, Inc.	AEP	2/27/2013	10.0	Baa3		BBB-			
D-12-E-0201	NY	Niagara Mohawk Power Corporation	National Grid plc		3/14/2013	9.3	A3					

Approved Company Data							Moody's	S&P	Fitch	A-Rated ROE Analysis		
Docket Number	State	Company Name	Ultimate Parent Company Name	Ultimate Parent Ticker	Rate Case Completion Date (mm/dd/yyyy)	Authorized Return on Equity (%)	Long-term Issuer Ratings as of the Rate Case Date			Company	Date	ROE
C-AVU-E-12-08	ID	Avista Corporation		AVA	3/27/2013	9.8	Baa2	BBB	NULL			
C-12-1682-EL-AIR	OH	Duke Energy Ohio, Inc.	Duke Energy Corporation	DUK	5/1/2013	9.8	Baa1	BBB+	BBB+			
C-U-17087	MI	Consumers Energy Company	CMS Energy Corporation	CMS	5/15/2013	10.3	(P)Baa1	BBB	BBB			
D-E-2, Sub 1023	NC	Duke Energy Progress, LLC	Duke Energy Corporation	DUK	5/30/2013	10.2		BBB+	A-			
D-2011-0092	HI	Maui Electric Company, Limited	Hawaiian Electric Industries, Inc.	HE	5/31/2013	9.0		BBB-				
D-E-01933A-12-0291	AZ	Tucson Electric Power Company	Fortis Inc.	FTS	6/11/2013	10.0	Baa2	BB+	BBB-			
D-ER-12121071	NJ	Atlantic City Electric Company	Pepco Holdings, Inc.	POM	6/21/2013	9.8	Baa2	BBB+	BBB			
D-UE-130137	WA	Puget Sound Energy, Inc.	Puget Holdings LLC		6/25/2013	9.8	Baa2	BBB				
C-9311	MD	Potomac Electric Power Company	Pepco Holdings, Inc.	POM	7/12/2013	9.4		BBB+	BBB			
D-E-002/GR-12-961	MN	Northern States Power Company - MN	Xcel Energy Inc.	XEL	8/8/2013	9.8		A-	A-	Northern States Power Company - MN	8/8/2013	9.8
D-13-01-19	CT	United Illuminating Company	UIL Holdings Corporation	UIL	8/14/2013	9.2		BBB				
D-130040-EI	FL	Tampa Electric Company	TECO Energy, Inc.	TE	9/11/2013	10.3	A3	BBB+	BBB+			
D-2013-59-E	SC	Duke Energy Carolinas, LLC	Duke Energy Corporation	DUK	9/11/2013	10.2	A3	BBB+	A-			
D-E-7, Sub 1026	NC	Duke Energy Carolinas, LLC	Duke Energy Corporation	DUK	9/24/2013	10.2	A2	BBB+	A-			
D-40443	TX	Southwestern Electric Power Company	American Electric Power Company, Inc.	AEP	10/3/2013	9.7	Baa3		BBB-			
D-6690-UR-122 (Elec)	WI	Wisconsin Public Service Corporation	WEC Energy Group, Inc.	WEC	11/6/2013	10.2	A2	A-		Wisconsin Public Service Corporation	11/6/2013	10.2
D-13-WSEE-629-RTS	KS	Westar Energy, Inc.		WR	11/21/2013	10.0	Baa2	BBB	BBB			
C-PUE-2013-00020	VA	Virginia Electric and Power Company	Dominion Resources, Inc.	D	11/26/2013	10.0	A3		BBB+			
D-130140-EI	FL	Gulf Power Company	Southern Company	SO	12/3/2013	10.3	A3	A	A-	Gulf Power Company	12/3/2013	10.3
D-UE-130043	WA	PacifiCorp	Berkshire Hathaway Inc.	BRK.A	12/4/2013	9.5	Baa1	A-	BBB			
D-4220-UR-119 (Elec)	WI	Northern States Power Company - WI	Xcel Energy Inc.	XEL	12/5/2013	10.2	(P)A3	A-	A-	Northern States Power Company - WI	12/5/2013	10.2
D-13-0301	IL	Ameren Illinois Company	Ameren Corporation	AEE	12/9/2013	8.7	Baa2	BBB+	BBB-			
D-UE-262	OR	Portland General Electric Company		POR	12/9/2013	9.8	Baa1	BBB				
C-9326 (elec)	MD	Baltimore Gas and Electric Company	Exelon Corporation	EXC	12/13/2013	9.8	Baa1	A-	BBB			
D-13-06002	NV	Sierra Pacific Power Company	Berkshire Hathaway Inc.	BRK.A	12/16/2013	10.1	Baa2	BBB+	BBB			
D-U-32707	LA	Entergy Gulf States Louisiana, L.L.C.	Entergy Corporation	ETR	12/16/2013	10.0	Baa2	BBB	NULL			
D-U-32708	LA	Entergy Louisiana, LLC	Entergy Corporation	ETR	12/16/2013	10.0		BBB	NULL			
D-36989	GA	Georgia Power Company	Southern Company	SO	12/17/2013	11.0	A3	A	A	Georgia Power Company	12/17/2013	11.0
D-E-04204A-12-0504	AZ	UNS Electric, Inc.	Fortis Inc.	FTS	12/17/2013	9.5	Baa1					
D-13-0318	IL	Commonwealth Edison Company	Exelon Corporation	EXC	12/18/2013	8.7	Baa2	BBB	BBB-			
D-UE-263	OR	PacifiCorp	Berkshire Hathaway Inc.	BRK.A	12/18/2013	9.8	Baa1	A-	BBB			
C-U-17274	MI	Upper Peninsula Power Company	Balfour Beatty plc		12/19/2013	10.2						
D-13-028-U	AR	Entergy Arkansas, Inc.	Entergy Corporation	ETR	12/30/2013	9.5	Baa2	BBB	NULL			
C-13-E-0030	NY	Consolidated Edison Company of New York, Inc.	Consolidated Edison, Inc.	ED	2/20/2014	9.2	A2	A-	BBB+			
C-PU-12-813	ND	Northern States Power Company - MN	Xcel Energy Inc.	XEL	2/26/2014	9.8	A2	A-	A-	Northern States Power Company - MN	2/26/2014	9.8
D-DE-13-063	NH	Liberty Utilities (Granite State Electric) Corp.	Algonquin Power & Utilities Corp.	AQN	3/17/2014	9.6						
C-12-00350-UT	NM	Southwestern Public Service Company	Xcel Energy Inc.	XEL	3/26/2014	10.0	Baa1	A-	BBB			
FC-1103-2013-E	DC	Potomac Electric Power Company	Pepco Holdings, Inc.	POM	3/26/2014	9.4	Baa1	BBB+	BBB			
D-13-115	DE	Delmarva Power & Light Company	Pepco Holdings, Inc.	POM	4/2/2014	9.7	Baa1	BBB+	BBB+			
D-41791	TX	Entergy Texas, Inc.	Entergy Corporation	ETR	5/16/2014	9.8	Baa3	BBB	NULL			
DPU 13-90	MA	Fitchburg Gas and Electric Light Company	Unitil Corporation	UTL	5/30/2014	9.7						
D-6680-UR-119 (Elec)	WI	Wisconsin Power and Light Company	Alliant Energy Corporation	LNT	6/6/2014	10.4	A1	A		Wisconsin Power and Light Company	6/6/2014	10.4
D-2013-00443	ME	Emera Maine	Emera Incorporated	EMA	6/30/2014	9.6						
C-9336	MD	Potomac Electric Power Company	Pepco Holdings, Inc.	POM	7/2/2014	9.6	Baa1	BBB+	BBB			
D-UD-13-01	LA	Entergy Louisiana, LLC	Entergy Corporation	ETR	7/10/2014	10.0		BBB	NULL			
D-ER-13111135	NJ	Rockland Electric Company	Consolidated Edison, Inc.	ED	7/23/2014	9.8		A-	BBB+			
D-2013-00168	ME	Central Maine Power Company	Iberdrola, S.A.		7/29/2014	9.5	A3	BBB+	BBB+			
D-20003-132-ER-13	WY	Cheyenne Light, Fuel and Power Company	Black Hills Corporation	BKH	7/31/2014	9.9						
D-ER-14030245	NJ	Atlantic City Electric Company	Pepco Holdings, Inc.	POM	8/20/2014	9.8	Baa2	BBB+	BBB			
D-8190, 8191	VT	Green Mountain Power Corp	Caisse de dépôt et placement du Québec		8/25/2014	9.6	NULL	BBB+				
D-13-035-184	UT	PacifiCorp	Berkshire Hathaway Inc.	BRK.A	8/29/2014	9.8	A3	A-	BBB			
D-140025-EI	FL	Florida Public Utilities Company	Chesapeake Utilities Corporation	CPK	9/15/2014	10.3	NULL					
D-14-05004	NV	Nevada Power Company	Berkshire Hathaway Inc.	BRK.A	10/9/2014	9.8	Baa1	BBB+	BBB			
D-14-0066	IL	MidAmerican Energy Company	Berkshire Hathaway Inc.	BRK.A	11/6/2014	9.6	A1	A-	A-	MidAmerican Energy Company	11/6/2014	9.6
D-6690-UR-123 (Elec)	WI	Wisconsin Public Service Corporation	WEC Energy Group, Inc.	WEC	11/6/2014	10.2	A1	A-		Wisconsin Public Service Corporation	11/6/2014	10.2
D-05-UR-107 (WEP-Elec)	WI	Wisconsin Electric Power Company	WEC Energy Group, Inc.	WEC	11/14/2014	10.2	A1	A-	A	Wisconsin Electric Power Company	11/14/2014	10.2
C-PUE-2014-00026	VA	Appalachian Power Company	American Electric Power Company, Inc.	AEP	11/26/2014	9.7	Baa1	BBB	BBB-			

Approved Company Data							Moody's	S&P	Fitch	A- Rated ROE Analysis		
Docket Number	State	Company Name	Ultimate Parent Company Name	Ultimate Parent Ticker	Rate Case Completion Date (mm/dd/yyyy)	Authorized Return on Equity (%)	Long-term Issuer Ratings as of the Rate Case Date			Company	Date	ROE
D-3270-UR-120 (Elec)	WI	Madison Gas and Electric Company	MGE Energy, Inc.	MGEE	11/26/2014	10.2	A1					
D-UE-283	OR	Portland General Electric Company		POR	12/4/2014	9.7	A3	BBB				
D-14-0312	IL	Commonwealth Edison Company	Exelon Corporation	EXC	12/10/2014	9.3	Baa1	BBB	BBB			
D-14-0317	IL	Ameren Illinois Company	Ameren Corporation	AEE	12/10/2014	9.3	Baa1	BBB+	BBB			
D-2014-UN-0132	MS	Entergy Mississippi, Inc.	Entergy Corporation	ETR	12/11/2014	10.1	Baa2	BBB	NULL			
D-4220-UR-120 (Elec)	WI	Northern States Power Company - WI	Xcel Energy Inc.	XEL	12/12/2014	10.2	(P)A2	A-	A-	Northern States Power Company - WI	12/12/2014	10.2
D-14-05-06	CT	Connecticut Light and Power Company	Eversource Energy	ES	12/17/2014	9.2	Baa1	A-	BBB+			
D-14AL-0393E	CO	Black Hills Colorado Electric Utility Company, LP	Black Hills Corporation	BKH	12/18/2014	9.8						
D-20000-446-ER-14	WY	PacifiCorp	Berkshire Hathaway Inc.	BRK.A	1/23/2015	9.5	A3	A-	BBB+			
D-14AL-0660E	CO	Public Service Company of Colorado	Xcel Energy Inc.	XEL	2/24/2015	9.8	A3	A-	A-	Public Service Company of Colorado	2/24/2015	9.8
D-ER-12111052	NJ	Jersey Central Power & Light Company	FirstEnergy Corp.	FE	3/18/2015	9.8	Baa2	BBB-	NULL			
D-UE-140762	WA	PacifiCorp	Berkshire Hathaway Inc.	BRK.A	3/25/2015	9.5	A3	A-	BBB+			
D-E-002/GR-13-868	MN	Northern States Power Company - MN	Xcel Energy Inc.	XEL	3/26/2015	9.7	A2	A-	A-	Northern States Power Company - MN	3/26/2015	9.7
C-U-17669	MI	Wisconsin Public Service Corporation	WEC Energy Group, Inc.	WEC	4/23/2015	10.2	A1	A-		Wisconsin Public Service Corporation	4/23/2015	10.2
C-ER-2014-0258	MO	Union Electric Company	Ameren Corporation	AEE	4/29/2015	9.5	Baa1	BBB+	BBB+			
C-14-1152-E-42T	WV	Appalachian Power Company	American Electric Power Company, Inc.	AEP	5/26/2015	9.8	Baa1	BBB	BBB-			
C-ER-2014-0370	MO	Kansas City Power & Light Company	Great Plains Energy Inc.	GXP	9/2/2015	9.5	Baa1	BBB+				
D-15-KCPE-116-RTS	KS	Kansas City Power & Light Company	Great Plains Energy Inc.	GXP	9/10/2015	9.3	Baa1	BBB+				

Count	133.0
Avg	9.9
Median	9.8
Max	11.0
Min	8.7

OG&E Current		
Moody's	S&P	Fitch
A1	A-	A

Count	26
Avg	10.2
Median	10.2
Max	11.0
Min	9.3

Note: Based on companies with at least two A ratings and absent of B ratings.