

**BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF AN INTERIM RATE)
SCHEDULE OF OKLAHOMA GAS AND)
ELECTRIC COMPANY IMPOSING A)
SURCHARGE TO RECOVER ALL)
INVESTMENTS AND EXPENSES INCURRED)
THROUGH COMPLIANCE WITH LEGISLATIVE) DOCKET NO. 15-034-U
OR ADMINISTRATIVE RULES, REGULATIONS)
OR REQUIREMENTS RELATING TO THE)
PUBLIC HEALTH, SAFETY OR THE)
ENVIRONMENT UNDER THE FEDERAL)
CLEAN AIR ACT FOR CERTAIN OF ITS)
EXISTING GENERATION FACILITIES)**

AGREEMENT TESTIMONY

OF

MARK E. GARRETT

**ON BEHALF OF
ARKANSAS RIVER VALLEY ENERGY CONSUMERS
("ARVEC")**

September 25, 2015

**Mark Garrett
Garrett Group LLC
Oklahoma City, Oklahoma**

1 **Q: PLEASE STATE YOUR NAME AND OCCUPATION.**

2 A: My name is Mark Garrett and I am the President of Garrett Group, LLC, a consulting
3 firm specializing in public utility regulation and litigation.

4

5 **Q: DID YOU PREVIOUSLY FILE DIRECT TESTIMONY AND SURREBUTTAL
6 TESTIMONY IN THIS PROCEEDING?**

7 A: Yes.

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9 **Q: WHAT IS THE PURPOSE OF YOUR AGREEMENT TESTIMONY?**

10 A: My agreement testimony supports and recommends the Stipulation and Settlement
11 Agreement (“Agreement”) reached among the parties and filed in this Docket on
12 September 25, 2015.

13

14 **Q: WHAT IS THE PURPOSE OF THE AGREEMENT?**

15 A: The Agreement addresses and resolves all outstanding issues in Docket No. 15-034-U
16 regarding OG&E’s proposed interim rate schedule.

17 **Q: COULD YOU SUMMARIZE WHY ARVEC SUPPORTS THE PROPOSED
18 AGREEMENT?**

19 A: Yes. Along with setting the revenue requirement for the Act 310 surcharge at
20 \$473,299, as calculated by Staff; the Agreement also addresses all of the major
21 issues raised by ARVEC in this case.

1 1. The Agreement adopts ARVEC’s recommendation to disaggregate the Power and
2 Light Class (“P&L”) into the existing P&L TOU and P&L non-TOU subclasses.

3 2. The Agreement adopts ARVEC’s recommendation to collect the surcharge on a
4 kW basis from those customers in classes with demand meters. Specifically, costs
5 allocated on a demand basis will be collected using a kW charge and costs allocated on a
6 kWh basis will be collected with a kWh charge.

7 3. The Agreement satisfies ARVEC’s recommendation that OG&E’s impending
8 significant environmental compliance costs would be subjected to a full rate case review
9 in its 2016 rate case proceeding.

10 4. The Agreement addresses ARVEC’s concern that OG&E’s impending and
11 significant environmental compliance costs consider the cost of service allocation and
12 rate design methodologies specifically set forth in recently passed Act 725. Specifically,
13 OG&E will provide to the parties on the filing date of its general rate case application in
14 2016 a cost of service study reflecting the Average and Excess 4CP cost allocation as
15 well as a rate design for its largest customer class consistent with the provisions of Ark.
16 Code Ann. §23-4-422, utilizing the same revenue requirement and billing determinants
17 underlying the cost of service and rate design recommendations in its rate case
18 application. That cost of service study will provide ARVEC with the information
19 necessary to recommend in OG&E’s 2016 rate case implementation of a production
20 plant cost allocation based on an Average and Excess 4CP cost methodology as
21 contemplated by recently-enacted Act 725.

1 **Q: IN LIGHT OF THE FACT THAT THE AGREEMENT EITHER ADOPTS OR**
2 **ADDRESSES ALL OF ARVEC'S MAJOR RECOMMENDATIONS, DO YOU**
3 **FURTHER RECOMMEND THAT THE COMMISSION ACCEPT THE**
4 **AGREEMENT AS REASONABLE?**

5 A: Yes. I do.

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7 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

8 A: Yes. It does.

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CERTIFICATE OF SERVICE

I, Thomas P. Schroedter, do hereby certify that a copy of the foregoing has been served upon all parties of record by forwarding the same by electronic mail and/or first class mail, postage prepaid, this 25th day of September 2015.



Thomas P. Schroedter