

BEFORE THE
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 DOCKET NO. 16-052-U)

2022 AGREEMENT TESTIMONY

OF

MIDDLETON RAY
MANAGER OF AUDITS

ON BEHALF OF THE GENERAL STAFF OF THE
ARKANSAS PUBLIC SERVICE COMMISSION

FEBRUARY 1, 2023

1 **INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Middleton Ray. My business address is Arkansas Public Service
4 Commission (“APSC” or “Commission”), 1000 Center Street, Little Rock, Arkansas
5 72201.

6 **Q. Have you previously filed testimony in this docket.**

7 A. Yes, I filed Supporting Testimony in this docket on December 29, 2022.

8 **PURPOSE OF TESTIMONY**

9 **Q. What is the purpose of your 2022 Agreement Testimony in this Docket?**

10 A. The purpose of my testimony is to support the Joint Motion to Approve Settlement
11 Agreement, Waive Hearing, and Excuse Witnesses (“Joint Motion”) filed by
12 Oklahoma Gas and Electric Company (“OG&E” or “Company”) and the APSC
13 General Staff (“Staff”) (hereinafter collectively the “Settling Parties”) on February
14 1, 2023. The Settling Parties have reached agreement on all matters arising under
15 OG&E’s 2022 Formula Rate Plan (“FRP”) filing in Docket No. 18-046-FR. My
16 testimony supports as reasonable the Projected Year Rate Change in Rider FRP
17 Revenue (“Rate Change”) recommended by Staff and included in its Errors and
18 Objections (“E&O”). In addition, I will discuss the Non-Revenue Related issues
19 agreed to in Section 3 of the agreement.

20 **Q. Are you familiar with the terms of the Agreement?**

21 A. Yes. I was an active participant in the settlement discussions, and I have carefully
22 read the Agreement. Pursuant to the Agreement, the Settling Parties have

OKLAHOMA GAS AND ELECTRIC COMPANY
DOCKET NO. 18-046-FR
2022 AGREEMENT TESTIMONY OF MIDDLETON RAY

1 resolved their differences regarding all issues that were raised by the parties'
2 respective E&O or Response and supporting Testimony.

3 **Q. Why does Staff support the Agreement?**

4 A. The Agreement is a reasonable resolution to all outstanding issues related to
5 OG&E's 2022 FRP filing. The agreement is based on the recommendations set
6 forth in Staff's E&O.

7 **AGREEMENT REVENUE CHANGE**

8 **Q. What level of increase is included in the Agreement?**

9 A. The agreed-upon proposed Rate Change is \$9,592,322. This Rate Change reflects
10 the amount included in Staff's E&O filed on December 29, 2022, of \$9,592,322 as
11 shown in Staff's E&O Attachment A-2, Rider FRP Required Revenue Change, line
12 11. As discussed in Staff's E&O, Staff's recommended adjustments reduced the
13 ROE Bandwidth Rate Adjustment by \$253,296. However, because OG&E's
14 request exceeded the 4% cap in all classes, and the Annualized Filing Year
15 revenues were increased due to an update, Staff's Cumulative Total FRP Rider
16 revenue resulted in an increase of \$1,082,279 over the Company's Application.

17 **Q. Does the Agreement address any Non-Revenue Related issues?**

18 A. Yes. The agreement confirms that the Settling Parties do not object to a finding
19 that the Grid Modernization Series II and Series III projects included in this filing
20 are prudent. Additionally, the Settling Parties Agree that there is no prudence
21 determination in this proceeding for any additional Series II or Series III Grid
22 Modernization investment not already in service during the Historical Year. The
23 Company agrees to provide any cost-benefit analysis considered by the Company

OKLAHOMA GAS AND ELECTRIC COMPANY
DOCKET NO. 18-046-FR
2022 AGREEMENT TESTIMONY OF MIDDLETON RAY

1 for future Grid Modernization investments. In addition, if OG&E considers avoided
2 economic harm benefits in such cost-benefit analysis, it shall also provide the
3 analysis without those avoided economic harm benefits included.

4 **CONCLUSION**

5 **Q. What is your recommendation regarding this agreement?**

6 A. The Agreement is based on Staff's E&O; therefore, I support this agreement as
7 reasonable and in the public interest and recommend its approval by the
8 Commission without modification.

9 **Q. Does this conclude your Agreement Testimony?**

10 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served on all parties of record by electronic mail via the Electronic Filing System this 1st day of February 2023.

/s/ Luke Kinder
Luke Kinder, #2018122