

**BEFORE THE ARKANSAS PUBLIC SERVICE COMMISSION**

IN THE MATTER OF THE FORMULA RATE	)	
PLAN FILINGS OF OKLAHOMA GAS AND	)	DOCKET NO. 21-087-U
ELECTRIC PURSUANT TO APSC DOCKET	)	
NO. 16-052-U	)	

Direct Testimony and Exhibits

of

Gwin Cash

on behalf of

Oklahoma Gas and Electric Company

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

2 A. My name is Gwin Cash. I am the Manager of Cost of Service and Rate Administration for  
3 Oklahoma Gas and Electric Company (“OG&E” or “Company”). My business address is  
4 321 N. Harvey, Oklahoma City, Oklahoma, 73102.  
5

6 Q. **Please summarize your professional qualifications and educational background.**

7 A. I have worked for OG&E in various capacities going on 20 years. Most recently I joined  
8 the Company’s regulatory department in January 2015 as the Rate Administration Manager  
9 and in July of 2017 I assumed additional responsibilities as the manager of Cost of Service.  
10 My Cost of Service responsibilities include oversight of the department’s responsibility for  
11 operating and maintaining the Cost of Service model. My Rate Administration  
12 responsibilities include maintaining OG&E’s tariffs on file with the regulatory  
13 commissions and ensuring consistent application of these tariffs in the manner in which  
14 they are intended. Additional duties include computing rider factors and monthly retail  
15 revenue reporting. Prior to joining OG&E’s regulatory department I worked as a Senior  
16 Business Analyst in OG&E’s Sales and Customer Support department and as a Workforce  
17 Analyst in OG&E’s Customer Service department. I received a Bachelor of Science in  
18 Applied Mathematics with a Specialization in Computing from the University of  
19 California, Los Angeles in 1999.  
20

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

22 A. Yes. I have previously testified in the following Dockets:

- 23 • 19-017-TF, • 19-013-U, and  
24 • 18-046-FR, • 16-052-U.  
25

26 Q. **What is the purpose of your Direct Testimony in this proceeding?**

27 A. The purpose of my testimony is to provide the results of the Company’s class Cost-of-  
28 Service and to explain updates to the Formula Rate Plan (“FRP”) Rider, both of which are  
29 required as part of this filing’s request to extend the FRP.  
30

**I. CLASS COST-OF-SERVICE**

**Q. Please summarize the results of the Class Cost-of-Service.**

A. This class cost-of-service allocates \$114,870,592 to the Arkansas jurisdiction. The allocations to the current FRP classes are as follows:

FRP Class	Revenue Requirement	%
Residential	\$45,550,850	39.65%
General Service	\$13,480,516	11.74%
Power & Light	\$52,787,879	45.95%
Other	\$3,051,346	2.66%
Total Arkansas	\$114,870,592	100.00%

**Q. How do these class cost-of-service allocations compare to the class allocations currently used in the FRP?**

A. The Residential and General Service rate classes are larger than their current FRP allocations while the Power & Light and Other rate classes allocation are smaller. Specifically, the Residential class increased from 38.08% to 39.65% and the General Service class increased from 11.61% to 11.74%. The Power & Light class reduced from 47.17% to 45.95% and the Other class reduced from 3.14% to 2.66%.

**Q. Why is the Company filing this class cost-of service?**

A. The Company is filing a class cost-of-service study to satisfy the “Extension of Term” provision of the FRP Rider. This Provision is located specifically in Section II, “Filing Requirements,” of Attachment F, at 6-B and states, “OG&E shall provide a class cost of service study for year-end 2021.”

**Q. For what test period did the Company utilize in this class cost-of-service study?**

A. The Company utilized the 12 calendar months ending on March 31, 2021. This is the same test year period as the Historical Year for the Company’s concurrent FRP fourth Evaluation Report filing.

1 Q. **Please describe the accounting data that was used in this study.**

2 A. The Company utilized the same actual accounting data, rate base and expenses for all  
3 items included for recovery in the FRP fourth Evaluation Report. No adjustments were  
4 made to this data for this study.  
5

6 Q. **What changes were made, if any, to the return on rate base?**

7 A. No changes were made to the return on rate base ("RORB"). The Company utilized the  
8 same information as is used in the FRP fourth Evaluation Report to compute the RORB.  
9

10 Q. **Please describe the allocation methods used in this study.**

11 A. The Company is utilizing the same allocation methodologies that are required in the FRP  
12 jurisdictional FRP which are tied to the same methodologies from the Company's Docket  
13 No. 16-052-U general rate filing.

- 14 • The Production Demand allocator is calculated using the four coincident peak  
15 average and excess methodology.
- 16 • The Production Wind allocator is calculated using the four coincident peak  
17 average and excess methodology for the jurisdictional split and the total  
18 energy allocation method for the class allocations.
- 19 • The Transmission Demand and Transmission Demand SPP allocators are  
20 calculated using the twelve coincident peak methodology.
- 21 • The Distribution Demand allocator is calculated using a class coincident peak  
22 methodology.  
23

24 Q. **What was basis for the load data used in the allocator calculations?**

25 A. The Company utilized the actual historical year load data that was used as part of the  
26 allocator calculations for the FRP fourth Evaluation Report filing. Consistent with prior  
27 class cost-of-service studies submitted in general rate case filings, OG&E normalized the  
28 load data.  
29  
30

1 Q. **Why is the load data normalized when all other data utilized in the class cost-of-**  
2 **service is the same actual data from the FRP fourth Evaluation Report?**

3 A. Normalized load data provides a basis for comparison with the FRP class allocators  
4 currently used, which were developed from the normalized allocation of cost in the 16-  
5 052-U filing. This comparison demonstrates how cost has shifted between the FRP classes  
6 due to updates of the allocators.

7  
8 **II. FRP TARIFF UPDATES**

9 Q. **What updates is the Company proposing to the FRP rider?**

10 A. The Company is proposing several updates to reflect the elimination of the Projected year  
11 filing, additional updates to accommodate the request for extension, updates reflecting the  
12 Company's request to switch to end of year rate base from average rate base, and another  
13 update on Schedule A-2 that aligns the FRP calculation with prior FRP approvals.

14  
15 Q. **Please describe the updates related to the elimination of the Projected Year.**

16 A. Attachment D has been relabeled to Attachment B. Attachment B had previously contained  
17 the data for the Projected Year. The old Attachment B has been deleted. Attachment C  
18 has been moved to now be after the old Attachment D (the new B). Attachment E is  
19 relabeled to be Attachment D and Attachment F is relabeled to be Attachment E. All  
20 references throughout the document to Attachment D have been changed to reference  
21 Attachment B.

22  
23 Q. **Please describe the updates related the Extension request.**

24 A. Section 80.6 on Sheet No. 80.5 is updated to include language referencing an additional  
25 five-year term. Section 80.6 on Sheet No. 80.5 is also updated to remove the language  
26 addressing a request for an extension, along with the removal of Section II-6 of Attachment  
27 E due to no additional extensions being allowed.

28  
29 Q. **Please describe the updates related to the switch to end of year rate base.**

30 A. Attachment B-2 has been updated by eliminating all Beginning and Average Balance rows  
31 and by renumbering the Lines. All references to B-2 in other sections of the tariff have

1           been updated to reflect the line renumbering. This proposed change is further described in  
2           the Direct Testimony of Donald Rowlett.

3  
4    **Q.     Please describe the update to Attachment A-2.**

5    A.     OG&E is requesting that Line 12 of this attachment “Annualized Filing Year FRP Rider  
6           Revenue” be changed to “Authorized Filing Year FRP Rider Revenue.” This change is  
7           necessary to the fluctuating nature of sales and its impact on the collection of authorized  
8           FRP recoveries. FRP rate changes are approved for recovery in future periods, the  
9           Projected Years, and the billings for these periods, the same billings over which the FRP  
10          rate change is calculated, are determined using normalized projections. By utilizing the  
11          authorized Filing Year FRP Rider Revenue, the Company will align collections with both  
12          what has been previously approved by the Commission and the methods by which the  
13          Company determines rates prospectively.

14  
15   **Q.     Please describe the exhibits to your testimony.**

16   A.     Direct Exhibit GC-1 is a redline version of the proposed FRP tariff and Direct Exhibit GC-  
17          2 is a clean version of the proposed FRP tariff.

18  
19                                   **III.     CONCLUSION**

20   **Q.     What is your recommendation to the Commission?**

21   A.     I recommend that the Commission accept the class cost-of-service as filed and that all  
22          updates to the FRP rider be accepted.

23  
24   **Q.     Does this conclude your testimony?**

25   A.     Yes.

**CERTIFICATE OF SERVICE**

I, Lawrence E. Chisenhall, Jr., hereby state that a copy of the foregoing instrument was served on all the parties of record via the APSC Electronic Filing System on this the 1<sup>st</sup> day of October, 2021.

/s/ Lawrence E. Chisenhall, Jr.  
Lawrence E. Chisenhall, Jr.

## ARKANSAS PUBLIC SERVICE COMMISSION

APSC FILED Time: 10/1/2021 8:32:08 AM Recvd 10/1/2021 8:31:22 AM: Docket 21-087-U-Doc. 23

1<sup>st</sup> RevisedSheet No. 80.0Replacing OriginalSheet No. 80.0Docket No.: 18-046-FROKLAHOMA GAS AND ELECTRIC COMPANY

Name of Company

Order No.: 15Kind of Service: ElectricClass of Service: All

Effective: 4/1/2021

**Part I. Rate Schedule No. FRP**Title: Formula Rate Plan RiderPSC File Mark Only**80.0 FORMULA RATE PLAN RIDER****80.1 REGULATORY AUTHORITY**

The Arkansas General Assembly has delegated authority to the Arkansas Public Service Commission ("APSC" or the "Commission") to regulate public utilities in the State of Arkansas, including Oklahoma Gas & Electric ("OG&E" or the "Company"). The Arkansas General Assembly has enacted the Formula Rate Review Act ("FRRA"), Ark. Code Ann. §§ 23-4-1201 *et seq.*, which authorizes use of this Formula Rate Plan Rider tariff ("FRP").

**80.2 PURPOSE**

The FRP defines the procedure by which all rates and applicable riders (Rate Schedules) on file with the APSC, except those excluded in Attachment A.1 to this FRP, may be periodically adjusted. The FRP shall apply to all electric service billed under the Rate Schedules, whether metered or unmetered.

**80.3 DEFINITIONS****A. BENCHMARK RATE OF RETURN ON RATE BASE**

"Benchmark Rate of Return on Rate Base" means the composite weighted, embedded cost of capital reflecting OG&E's annual costs of long-term debt, common equity, and other capital components as of the end of the Evaluation Period.

**B. COMPLIANCE COST OF SERVICE STUDY**

"Compliance Cost of Service Study" means the cost of service study that supports the final approved rates and allocation methodologies approved by final order in Docket No. 16-052-U.

**C. EARNED RATE OF RETURN**

"Earned Rate of Return" means OG&E's return on common equity calculated by dividing the weighted earned common equity rate by the common equity ratio percentage.

**D. EVALUATION REPORT**

"Evaluation Report" means the information required by the Commission in support of a Formal Application for an annual FRP filing, including all Rider FRP Schedules, Filing Requirements, and Adjustments with supporting work papers as set forth under the terms of this Rider FRP.

**E. FORMULA RATE REVIEW EVALUATION PERIOD**

The annual evaluation of the Formula Rate Review shall be based upon data for the twelve-month period ended March 31 of the Projected Year for the 1<sup>st</sup> and 2<sup>nd</sup> Evaluation Reports filed on or about October 1 of 2018 and 2019. Beginning with the Company's 3<sup>rd</sup> Evaluation Report filed on or about October 1 of 2020 and each subsequent year thereafter the annual evaluation of the Formula Rate Review shall be based upon data for the twelve-month period ended March 31 of the Historical Year.



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APSC FILED Time: 10/1/2021 8:32:08 AM; Recvd 10/1/2021 8:31:22 AM; Docket 21-087-U-Doc. 23

1<sup>st</sup> RevisedSheet No. 80.1Replacing OriginalSheet No. 80.1Docket No.: 18-046-FROKLAHOMA GAS AND ELECTRIC COMPANYOrder No.: 15

Name of Company

Kind of Service: ElectricClass of Service: All

Effective: 4/1/2021

**Part I. Rate Schedule No. FRP**Title: Formula Rate Plan RiderPSC File Mark Only**F. FORMULA RATE REVIEW PROTOCOLS**

“Formula Rate Review Protocols” means the protocols provided in Attachment E and includes the Rider FRP general provisions and filing requirements for the Annual Evaluation Report.

**G. HISTORICAL YEAR**

A Historical Year shall be the twelve (12) month period ended March 31 immediately preceding the filing of an Evaluation Report.

**H. FILING YEAR**

The Filing Year shall be the twelve (12) month ending March 31 after the Annual Filing date.

**I. PROJECTED YEAR**

The Projected Year shall be the twelve (12) month period ended March 31 immediately following the Filing Year.

**J. RATE ADJUSTMENT**

“Rate Adjustment” means the change in rates resulting from an annual formula rate review under the FRRA as reflected in Attachment A-1 to the Evaluation Report.

**K. TARGET RETURN RATE**

“Target Return Rate” means the target rate of return as defined in Arkansas Code § 23-4-1203.

**80.4 ANNUAL FILING AND REVIEW****A. ANNUAL FILING**

On or about October 1, 2018 and on or about October 1 of each subsequent year, OG&E shall file a report (“Evaluation Report”) with the Commission containing an evaluation of the Company’s earnings pursuant to the FRP for the Formula Rate Review Evaluation Period. Attachment A-1 shall be included in each such filing and shall contain the Company’s proposed Rate Adjustment. The Evaluation Report and the Rate Adjustment shall be filed pursuant to the FRP.

**B. EFFECTIVE DATE**

Rates pursuant to the initial FRP shall become effective with the first billing cycle of April 2019 and subsequently adjusted FRP rates shall be effective with the first billing cycle of April of each successive projected year after the evaluation report is filed.

**C. REVIEW PERIOD**

The Parties shall file a statement of error(s) or objection(s) and supporting Testimony with or without Exhibits at least 90 days before the date on which the Rate Adjustment becomes effective. The Company shall have fifteen (15) days to review the statement of error(s) or objection(s), to work with the Parties to

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APSC FILED Time: 10/1/2021 8:32:08 AM Recvd 10/1/2021 8:31:22 AM: Docket 21-087-U-Doc. 23

1<sup>st</sup> RevisedSheet No. 80.2Replacing OriginalSheet No. 80.2Docket No.: 18-046-FROKLAHOMA GAS AND ELECTRIC COMPANYOrder No.: 15

Name of Company

Kind of Service: ElectricClass of Service: All

Effective: 4/1/2021

**Part I. Rate Schedule No. FRP**Title: Formula Rate Plan RiderPSC File Mark Only

resolve any differences, and to address the error(s) and objection(s) raised by the Parties by filing either a corrected Attachment A.1 or Rebuttal Testimony with or without Exhibits.

**D. HEARING AND APPROVAL OF RATE ADJUSTMENT**

Following a hearing at least fifty (50) days before the date on which the Rate Adjustment shall become effective, unless waived by OG&E and the Parties, the Commission shall issue a final order in which it resolves any issues in dispute and approves the Rate Adjustment at least twenty (20) days before the date on which the Rate Adjustment shall become effective. If a final order is not issued by such date, the initially filed or revised Rate Adjustment shall become effective for bills rendered on and after the first billing cycle of April, subject to refund, and shall remain in effect until changed by final order of the Commission.

If the Commission's final ruling on any disputed issues requires changes to the Rate Adjustment, the Company shall file a revised Attachment A-1 containing such further modified Rate Adjustment within five (5) days after receiving the Commission's order resolving the disputed issues. The Parties shall have three (3) days to review the revised Attachment A-1. The revised Attachment A-1 shall be implemented as ordered by the Commission.

APSC FILED Time: 10/1/2021 8:32:08 AM: Recvd 10/1/2021 8:31:22 AM: Docket 21-087-U-Doc. 23

**ARKANSAS PUBLIC SERVICE COMMISSION**
1<sup>st</sup> RevisedSheet No. 80.3Replacing OriginalSheet No. 80.3Docket No.: 18-046-FROKLAHOMA GAS AND ELECTRIC COMPANYOrder No.: 15

Name of Company

Kind of Service: ElectricClass of Service: All

Effective: 4/1/2021

**Part I. Rate Schedule No. FRP**Title: Formula Rate Plan RiderPSC File Mark Only**80.5 ANNUAL DETERMINATION OF RATE ADJUSTMENT****80.5.1. INDEX OF ATTACHMENTS**

Attachment	Description
A-1	FRP Rate Adjustment (Rate Adjustment).
A-2	FRP Revenue Change
<del>B-1—B-6</del>	<del>Eliminated per Order No. 10 in Docket No. 18-046-FR</del>
<del>C</del>	<del>FRP Adjustments</del>
<del>BD-1</del>	Earned Rate of Return ("ERR") on Common Equity.
<del>BD-2</del>	Rate Base
<del>BD-3</del>	Operating Income
<del>BD-4</del>	Income Tax
<del>BD-5</del>	Benchmark Rate of Return on Rate Base
<del>BD-6</del>	Revenue Redetermination Formula
<del>C</del>	<u>FRP Adjustments</u>
<del>ED</del>	FRP Filing Requirements
<del>EF</del>	Formula Rate Review Protocols

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APSC FILED Time: 10/1/2021 8:32:08 AM; Recvd 10/1/2021 8:31:22 AM; Docket 21-087-U-Doc. 23

1<sup>st</sup> RevisedSheet No. 80.4Replacing OriginalSheet No. 80.4Docket No.: 18-046-FROKLAHOMA GAS AND ELECTRIC COMPANYOrder No.: 15

Name of Company

Kind of Service: ElectricClass of Service: All

Effective: 4/1/2021

**Part I. Rate Schedule No. FRP**Title: Formula Rate Plan RiderPSC File Mark Only**80.5.2. FRP BANDWIDTH CALCULATION**

The Total FRP revenue level shall be adjusted in the FRP review mechanism based on a comparison of the ERR to the TRR calculated using the following formula:

- A. If the ERR is less than the TRR minus five-tenths percent (0.50%), the Total FRP Revenue level shall be increased by the amount necessary to increase the ERR to the TRR.
- B. If the ERR is greater than the TRR plus five-tenths percent (0.50%), the Total FRP Revenue level shall be decreased by the amount necessary to decrease the ERR to the TRR.
- C. There shall be no change to the FRP Revenue level if the ERR is less than or equal to the TRR plus five-tenths percent (0.50%), and greater than or equal to the TRR minus five-tenths percent (0.50%).

**80.5.3. NETTING OF HISTORICAL YEAR DIFFERENCES ADJUSTMENT**

The Netting of Historical Year Differences Adjustment shall be determined in accordance with Attachment D-6. The Netting of Historical Year Differences Adjustment shall then be applied to the Formula Rate Review Evaluation Period FRP Revenue in the year following the filing year to derive the Total FRP Revenue as set out in Attachment A-2. Netting shall not begin until there is an actual twelve (12) months of Historical Year to report.

**80.5.4. FRP REVENUE ALLOCATION**

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APSC FILED Time: 10/1/2021 8:32:08 AM; Recvd 10/1/2021 8:31:22 AM; Docket 21-087-U-Doc. 23

1<sup>st</sup> RevisedSheet No. 80.5Replacing OriginalSheet No. 80.5OKLAHOMA GAS AND ELECTRIC COMPANY

Name of Company

Kind of Service: ElectricClass of Service: All**Part I. Rate Schedule No. FRP**Title: Formula Rate Plan RiderDocket No.: 18-046-FROrder No.: 15

Effective: 4/1/2021

PSC File Mark Only

The total change in the formula rate revenue level shall be allocated to each applicable rate class based on an equal percentage of the base rate revenue used in the development of rates approved by the Commission in Docket No. 16-052-U. The total amount of such revenue increase or decrease for each rate class shall not exceed four percent (4%) of each rate class's revenue for the Filing Year.

**80.6 TERM**

The ~~initial~~ term of the FRP rider shall be an initial five (5) year term not exceed five (5) years plus an additional extended five (5) year term from for a total term not to exceed ten (10) years from the date of the Commission's final order in Docket No. 16-052-U. ~~If OG&E requests an extension of the FRP rider, OG&E shall make such request in accordance with the Extension of Term provisions of the Formula Rate Protocols.~~

~~If the FRP is not extended, the then-existing~~ Total FRP rates shall continue to be in effect until new base rates reflecting the then-existing Total FRP Revenue are duly approved and implemented and until the Company recovers or returns the remaining Netting of Historical Year Differences Adjustments, per § 23-4-1208- (b).

## Attachment A-1

### Formula Rate Plan Rate Adjustment

All retail base rates and applicable riders on file with the APSC will be increased or decreased by a percentage of base revenues listed below, except those specifically excluded below:

Rate Class	FRP Rate (%)
<b>Residential</b>	
<b>General Service</b>	
<b>Power and Light</b>	
<b>Other*</b>	

\*Other includes Municipal Water Pumping, Municipal Roadway and Area Lighting, Outdoor Security Lighting, Athletic Field Lighting, and the LED lighting rates

**Excluded Schedules:**

Energy Cost Recovery Rider (ECR)  
 Energy Efficiency Cost Recovery Rider (EECR)  
 Transmission Cost Recovery Rider (TCR)  
 Environmental Compliance Plan Rider (ECP)  
 Day-Ahead Pricing (DAP) (DAP energy component only)  
 Flex Pricing (FP) (FP energy component only)  
 Rider for Municipal Tax Adjustment (MTA)  
 Renewable Energy Program Rider (REP)  
 Load Reduction Rider (LR)  
 Tax Adjustment Rider (TA)

**Special Rate Contracts:**

Special Contracted Rates shall be included or excluded pursuant to the terms of the Special Rate Contract.

## Attachment A-2 FRP Rider Revenue Change

Line No.	Description	Total	Residential	General Service	Power and Light	Other
A	B	C	D	E	F	G
1	Base Rate Revenues: Docket No. 16-052-U	\$102,193,196	\$38,919,157	\$11,861,458	\$48,208,613	\$3,203,968
2	Rate Class Allocation:(Percent of total calculated from L1)	100%	38.08%	11.61%	47.17%	3.14%
3	<b><u>FRP Constraint Calculation [1]</u></b>					
4	Total Annualized Filing Year Revenues by Rate Class					
5	FRP Revenue Change = $\pm 4\%$ -per Rate Class	4.00%	4.00%	4.00%	4.00%	4.00%
6	+Upper FRP Revenue Constraint					
7	-Lower FRP Revenue Constraint					
8	<b><u>Net Change in Req. FRP Revenue Calc [2]</u></b>					
9	ROE Bandwidth Rate Adjustment ( $D.6 L13 * L2$ )					
10	<b><u>Cumulative FRP Revenue Calculation [3]</u></b>					
11	Maximum Inc/Dec in FRP Revenue calculated on L9 bounded by the constraint defined on L6 and L7.					
12	<del>Annualized</del> <u>Authorized</u> Filing Year FRP Rider Revenue [4]					
13	Cumulative Total FRP Rider Revenue (L11+L12)					
14	<b><u>FRP Rate Development Calculation [5]</u></b>					
15	Adjusted Projected Year Base Rate Revenue					
16	<b>FRP Projected Year Rate Change <math>-(L13 \div L15)</math></b>					
17	<b>For Informational Purposes Only</b>					
18	Incremental FRP Base Rate Change Required $(L9 \div (L1 + L12))$					
19	Incremental FRP Base Rate Change Allowed $(L11 \div (L1 + L12))$					

**NOTES:**

- [1] The FRP Constraint Calculation determines the limit of the FRP revenue increase/decrease per rate class, which shall not exceed four percent (4%) of Total Unadjusted Annualized Filing Year (the year in which the Evaluation Report is filed) revenues.
- [2] The Net Change in Required FRP Revenue Calculation takes the Historical Year Netting adjustment (D.6 Line 13) and allocates the amount required to each rate class based on the class allocation approved by the Commission in Docket No. 16-052-U listed on Line 2. The netting adjustment on line 9 shall be zero (0) until there is an actual twelve (12) months of Historical Year data to report.
- [3] The Cumulative FRP revenue calculation adjusts the Required FRP revenue determined on Line 9 to be within the limits of the FRP constraint calculation and adds the Annualized Filing Year FRP Revenues to calculate Cumulative Total FRP Revenue required in the Projected Year.
- [4] The ~~Annualized~~ Filing Year FRP Rider Revenue in the initial Filing Year will be zero (\$0). In subsequent Filing Years, the ~~Annualized~~ Filing Year FRP Rider Revenue will include actual FRP Rider revenues authorized for collection in the Filing Year and (up to the latest month the Company has actual data for) to be used to calculate the Cumulative Annualized FRP Rider Revenue amount to be used in the Cumulative FRP Rider Revenue Calculation (L13).
- [5] The FRP Rider Rate Development Calculation determines the percent increase/decrease that will be applied to all base rate components. The Adjusted Projected Year Base Rate Revenue is calculated using the Retail Rate Schedule Revenue (-as adjusted pursuant to Attachment C, Section II, A-2) excluding Projected Year Rider FRP Revenue and any revenue pursuant to excluded schedules listed on Attachment A-1. The percent increase/decrease is calculated by taking the Total FRP Rider Revenue listed on Line 13 and dividing it by the Adjusted Projected Year Revenues listed in Line 15.

**~~Attachment B-1 through B-6~~**

**~~Per Order No. 10, Docket No. 18-046-FR, Attachment B schedules are  
eliminated.~~**



## **Attachment C**

### **Oklahoma Gas & Electric FORMULA RATE PLAN ADJUSTMENTS**

The amounts reflected in Attachment D shall be adjusted to reflect the following:

#### **I. General**

- ~~A) The rate base, revenue and expense effects associated with riders which recover specific costs or other rate mechanisms the utility may have in effect shall not be included in the Formula Rate Plan Historical Year period.~~
- ~~B)A) The Historical Year balance sheet shall be the source for rate base and capital for the Evaluation Period used in Attachment D. The Historical Year income statement shall be the source for revenue and expense amounts used in Attachment D.~~
- ~~C)A) The Evaluation Period shall be adjusted to remove rider revenue and expenses, remove amounts, or otherwise make adjustments, consistent with the most recent general rate case, and other adjustments as described in Attachment C.~~
- ~~D)A) Rate base amounts for the Evaluation Period shall exclude construction work in progress (CWIP), Non-Utility Plant, and Plant Held for Future Use. Plant and Accumulated Depreciation amounts for the Evaluation Period shall be adjusted to remove Asset Retirement Obligations.~~
- ~~E)A) No adjustments shall be made in the Evaluation Period to annualize any expense.~~
- ~~F)A) During the term of the FRP, the Lost Contribution to Fixed Costs portion of the utility's Energy Efficiency Rider shall be set to zero.~~
- ~~G)A) Depreciation Expenses and Accumulated Depreciation shall reflect Commission approved rates. No changes in depreciation rates shall be made in the annual FRP filing. During an annual FRP filing, a utility may request an interim rate for plant added which has no approved depreciation rate, excluding major plant acquisitions. OG&E shall request depreciation rates for major plant acquisitions within the docket requesting approval for the purchase of the plant.~~
- ~~H)A) Revenue and cost effects that were imputed in the general rate case shall be similarly imputed in the annual FRP filing.~~
- ~~I)A) OG&E shall not record a regulatory asset or a regulatory liability representing the amount by which an FRP increase or decrease absent the operation of the 4 percent cap exceeds the actual FRP increase or decrease that is implemented pursuant to the operation of this tariff.~~

#### **H.I. Cost of Service Categories**

##### **A. Revenues**

- ~~1. For the Filing Year, total revenue used on Attachment A-2 shall be based on OG&E's projected annualized billing determinants and rates which will be in effect at year end. Because year end data will not be available at the time of the filing, revenue projections for the Filing Year shall be updated based on actual data during the Rider FRP procedural schedule.~~
- ~~2.1 For the Projected Year, base rate revenue used on Attachment A-2 shall be based on OG&E's projected annualized billing determinants and rates which will be in effect at year end. Adjustments~~

~~for customer growth and thirty-year weather normalized average usage and average demands established from Docket No. 16-052-U.~~

~~3.1. The Evaluation Period shall reflect actual Historical Year revenues. No adjustments for growth or weather shall be included.~~

~~4.1. Revenues associated with special rate contracts shall be treated consistent with the terms of the contract.~~

~~B.A. Rate Base~~

~~1. For the Evaluation Period, plant shall reflect the average of beginning and ending year balances.~~

~~2.1. For the Evaluation Period, working capital assets (WCA) shall reflect a 13-month average.~~

~~C.A. Expenses~~

~~1. The Evaluation Period shall reflect actual expenses, adjusted as described in Attachment C.~~

~~D.A. Income Tax Expense~~

~~All state and federal income tax effects including 1) adjustments to taxable income, 2) adjustments to current taxes, and 3) provisions for deferred income tax (debit and credit) shall be adjusted or eliminated, as appropriate, to comport with the following principles:~~

~~1. All Evaluation Period interest expenses shall be eliminated and replaced with an imputed interest expense amount equal to the rate base multiplied by the weighted embedded cost of debt;~~

~~2.1. Effects associated with other adjustments shall be similarly and consistently adjusted;~~

~~3.1. The Evaluation Period shall reflect the corporate state and federal income tax laws legally in effect at year-end;~~

~~4.1. For the Evaluation Period, tax effects normally excluded for ratemaking purposes shall be eliminated.~~

~~E.A. Benchmark Rate of Return on Rate Base~~

~~For the Evaluation Period, the following adjustments shall be made:~~

~~1. Current, accrued, and other liabilities (CAOL) shall be based on the Historical Year 13-month averages, as adjusted, and include all accounts consistent with those ordered by the Commission in Docket No. 16-052-U;~~

~~2.1. Accumulated Deferred Income Taxes (ADIT) shall be based on the beginning and ending year average and include all accounts consistent with those ordered by the Commission in Docket No. 16-052-U;~~

~~3.1. The capital balances for Long-Term Debt, Capital Leases, Preferred Equity, Common Equity, DOE Obligation and Other Capital shall be mid-year (September 30) balances adjusted to reflect intercompany payables balances using any 13-month average, if applicable, consistent with those ordered by the Commission in Docket No. 16-052-U;~~

~~4.1. The debt-to-equity (DTE) ratio for external capital, including the short-term debt percentage of 2.9%, shall be fixed at 50/50.~~

~~5.1. The return on equity shall be the value determined in Docket No. 16-052-U.~~

~~F.A. Load Data~~

- ~~1. For the Evaluation Period, load data shall reflect actual Historical Year load. There will be no adjustments for customer growth or weather normalization. The load data for any load management tariff customers will be actual load.~~

~~III. Other Adjustments~~

~~A. Reclassifications~~

- ~~1. For the Evaluation Period, revenues included in Other Electric Revenue shall be reclassified to the appropriate jurisdictional rate schedule revenue category.~~
- ~~2.1. For the Evaluation Period, costs not allowable for ratemaking purposes shall be excluded as specified in Section I, or removed by adjustment. Likewise, costs that are allowed, but recorded below the utility operating income line, shall be included in the annual FRP filing cost data through appropriate reclassification adjustments.~~

~~B. Out of Period Items~~

~~Expenses and revenues that are related to transactions occurring prior to the Evaluation Period but are recorded in the Evaluation Period shall be eliminated, including any associated tax adjustments.~~

~~C. Other~~

~~Nothing in this Attachment shall preclude OG&E or any party from proposing additional adjustment(s) beyond those described above.~~

## Attachment ~~BD~~-1

Oklahoma Gas & Electric  
Formula Rate Plan  
Earned Rate of Return on Common Equity Formula  
For the Evaluation Period Ending March 31, ~~2020~~202X

Line No	Description	Source	Adjusted Amount
<b>TOTAL ARKANSAS RETAIL</b>			
1	ARKANSAS RETAIL RATE BASE	<del>BD</del> -2, Line <u>1327</u> , Column D	
2	ARKANSAS RETAIL RATE SCHEDULE REVENUE	<del>BD</del> -3, Line 2, Column <del>BD</del>	
3	ARKANSAS RETAIL OPERATING REVENUE	<del>BD</del> -3, Line 5, Column D	
4	ARKANSAS RETAIL OPERATING EXPENSE	<del>BD</del> -3, Line 29, Column D	
5	ARKANSAS RETAIL OPERATING INCOME	Line 3 – Line 4	
6	EARNED RETURN ON RATE BASE	Line 5 / Line 1	
7	BENCHMARK RATE OF RETURN ON RATE BASE	<del>BD</del> -5, Line 12, Column F	
8	REQUIRED ARKANSAS RETAIL OPERATING INCOME	Line 7 * Line 1	
9	ARKANSAS RETAIL OPERATING INCOME DEFICIENCY/(EXCESS)	Line 8 - Line 5	
10	REVENUE CONVERSION FACTOR	Note [1]	
11	ARKANSAS RETAIL REVENUE DEFICIENCY/(EXCESS)	Line 9 * Line 10	
12	RETAIL REVENUE REQUIREMENT	Note [2]	
13	COMMON EQUITY DEFICIENCY/(EXCESS) (%)	Line 9 / Line 1	
14	WEIGHTED EVALUATION PERIOD COST RATE FOR COMMON EQUITY (%)	<del>BD</del> -5, Line 3, Column F	
15	WEIGHTED EARNED COMMON EQUITY RATE (%)	Line 14 - Line 13	
16	COMMON EQUITY RATIO (%)	<del>BD</del> -5, Line 3, Column D	
17	<b>EARNED RATE OF RETURN ON COMMON EQUITY (%)</b>	<b>Line 15 / Line 16</b>	

**Notes:**

- [1] Revenue Conversion Factor =  $1 / [(1 - \text{Composite Tax Rate} * (1 - \text{Bad Debt} + \text{Forfeited Discounts}))]$ . Forfeited discount revenues for Arkansas are determined in accordance with APSC General Service Rule 5.05.
- [2] Arkansas Jurisdictional Revenue Requirement as determined by running the total company Evaluation Period costs through the approved Cost of Service model from Docket No. 16-052-U.

## Attachment ~~DB~~-2

**Oklahoma Gas & Electric  
Formula Rate Plan  
Rate Base  
For the Evaluation Period Ending March 31, ~~2020~~202X**

Line No	Description	Historical Year Per Books A	Evaluation Period Adjustments B [1]	Adjusted Evaluation Period C	Arkansas Retail Adjusted Evaluation Period D [2]
1	PLANT IN SERVICE <u>(Ending Balance)</u>				
2	Beginning Balance				
3	Ending Balance				
4	Average Balance				
25	ACCUMULATED DEPRECIATION <u>(Ending Balance)</u>				
6	Beginning Balance				
7	Ending Balance				
8	Average Balance				
39	<b>AVERAGE NET UTILITY PLANT (L41 + L82)</b>				
410	PLANT ACQUISITION ADJUSTMENT <u>(Ending Balance)</u>				
11	Beginning Balance				
12	Ending Balance				
13	Average Balance				
514	AMORTIZATION OF ACQUISITION ADJ <u>(Ending Balance)</u>				
15	Beginning Balance				
16	Ending Balance				
17	Average Balance				
618	WORKING CAPITAL ASSETS				
719	MATERIALS AND SUPPLIES				
820	PREPAYMENTS				
921	FUEL INVENTORY				
102	WORKING CASH				
112	TOTAL WORKING CAPITAL ASSETS				
122	OTHER				
132	<b>TOTAL RATE BASE (L3 + L4 + L5 + L11 + L12):</b>				
26	<b>Ending Balances (L3+L7+L12+L16+L23+L24)</b>				
27	<b>Adj. Historical Year (L9+L13+L17+L23+L24)</b>				

**Notes:**

- [1] Adjustments as set out in Attachment C to this FRP.  
[2] Arkansas Retail Jurisdictional Rate Base as determined by running the total company historical costs through the approved Cost of Service model from Docket No. 16-052-U, as adjusted pursuant to Attachment C, Section II, F.

**Oklahoma Gas & Electric  
Formula Rate Plan  
Operating Income**

**For the Evaluation Period Ending March 31, ~~2020~~202X**

Line No	Description	Historical Year Per Books	Evaluation Period Adjustments	Adjusted Evaluation Period	Arkansas Retail Adjusted Evaluation Period
		A	B [1]	C	D [2]
	REVENUES				
1	SALES TO ULTIMATE CUSTOMERS				
2	ARKANSAS RETAIL RATE SCHEDULE REVENUE [4]				
3	ARKANSAS OTHER ELECTRIC REVENUE				
4	OTHER JURISDICTIONAL REVENUE				
5	<b>TOTAL OPERATING REVENUES (Sum of L2 thru L4)</b>				
	EXPENSES				
6	OPERATION & MAINTENANCE				
7	PRODUCTION				
8	TRANSMISSION				
9	REGIONAL MARKET				
10	DISTRIBUTION				
11	CUSTOMER ACCOUNTING				
12	CUSTOMER SERVICE & INFORMATION				
13	SALES				
14	ADMINISTRATIVE & GENERAL				
15	<b>TOTAL O &amp; M EXPENSE (Sum of L6 thru L14)</b>				
16	GAIN FROM DISPOSITION OF ALLOWANCES				
17	REGULATORY DEBITS & CREDITS				
18	DEPRECIATION & AMORTIZATION EXPENSES				
19	ACCRETION EXPENSES				
20	AMORTIZATION OF PLANT ACQUISITION ADJUSTMENT				
21	OTHER CREDIT FEES				
22	TAXES OTHER THAN INCOME				
23	STATE INCOME TAX [3]				
24	FEDERAL INCOME TAX [3]				
25	GAIN/LOSS – DISPOSITION OF UTILITY PLANT				
26	OTHER				
27	<b>TOTAL UTILITY OPERATING EXPENSE (Sum of L15 thru L26)</b>				
28	<b>NET UTILITY OPERATING INCOME (L5 – L27)</b>				

**Notes:**

- [1] Adjustments as set out in Attachment C to this FRP.
- [2] Arkansas Retail Jurisdictional Expenses as determined by running the total company historical costs through the approved Cost of Service model from Docket No. 16-052-U, as adjusted pursuant to Attachment C, Section II, F.
- [3] Reference Attachment ~~BD~~-4.
- [4] L2 includes only base rate revenues and prior year FRP revenues.

## Attachment **DB-4**

**Oklahoma Gas & Electric  
Formula Rate Plan  
Income Tax  
For the Evaluation Period Ending March 31, 2020**

Line No	Description	Historical Year Per Books  A	Evaluation Period Adjustments  B [1]	Adjusted Evaluation Period  C	Arkansas Retail Adjusted Evaluation Period  D [2]
1	TOTAL OPERATING REVENUES				
2	TOTAL O&M EXPENSE				
3	GAIN FROM DISPOSITION OF ALLOWANCES				
4	REGULATORY DEBITS AND CREDITS				
5	DEPRECIATION & AMORTIZATION EXPENSE				
6	ACCRETION EXPENSE				
7	AMORTIZATION OF PLANT ACQUISITION ADJUSTMENT				
8	OTHER CREDIT FEES				
9	TAXES OTHER THAN INCOME				
10	GAIN/LOSS – DISPOSITION OF UTILITY PLANT				
11	OTHER				
12	INTEREST EXPENSE [3]				
13	<b>NET INCOME BEFORE INCOME TAXES (L1- (Sum L2-L12))</b>				
14	ADJUSTMENTS TO NET INCOME BEFORE TAXES [4]				
15	TAXABLE INCOME (L12 + L13)				
	<b>COMPUTATION OF STATE INCOME TAX [5]</b>				
16	TAXABLE INCOME (L15)				
17	STATE ADJUSTMENTS [4]				
18	STATE TAXABLE INCOME (L16 + L17)				
19	STATE INCOME TAX BEFORE ADJUSTMENTS (L18 * Tax Rate) [1]				
20	ADJUSTMENTS TO STATE TAX [4]				
21	<b>STATE INCOME TAX (L19 + L20)</b>				
	<b>COMPUTATION OF FEDERAL INCOME TAX [5]</b>				
22	TAXABLE INCOME (L15)				
23	STATE INCOME TAX BEFORE ADJUSTMENTS (L19)				
24	FEDERAL ADJUSTMENTS [4]				
25	TOTAL FEDERAL TAXABLE INCOME (L22 - L23 + L24)				
26	FEDERAL INCOME TAX BEFORE ADJUSTMENTS (L25 * Tax Rate) [1]				
27	ADJUSTMENTS TO FEDERAL TAX [4]				
28	<b>FEDERAL INCOME TAX (L26 + L27)</b>				

**Notes:**

- [1] Adjustments and applicable tax rate as set out in Attachment C to this FRP.
- [2] Arkansas Retail Jurisdiction as determined by running the total company historical costs through the approved Cost of Service model from Docket No. 16-052-U, as adjusted pursuant to Attachment C, Section II, F.
- [3] Interest Expense is Per Books for Column A, Weighted Cost of Debt (COD) Rate as derived from COD elements reflected in Attachment **BD-5** x Rate Base per Attachment **BD-2**, Column C.
- [4] [View](#) List all adjustments, including descriptions, in a supporting schedule.
- [5] Computation of Income Tax includes both current and deferred income taxes

## Attachment **DB-5**

**Oklahoma Gas & Electric  
Formula Rate Plan  
Benchmark Rate of Return on Rate Base  
For the Evaluation Period Ending March 31, 2020**

(A)	(B)	(C)	(D)	(E)	(F)
Line No.	Description	Capital Amount (\$) [1]	Capital Ratio (%) [2]	Cost Rate (%) [3]	Benchmark Rate Of Return On Rate Base [4]
1	Long-Term Debt				
2	Preferred Stock				
3	Common Equity				
4	Accumulated Deferred Income Taxes				
5	Pre-1971 ADITC				
6	Post-1970 ADITC				
7	Customer Deposits				
8	Short-Term/Interim Debt				
9	Current Accrued, and Other Liabilities				
10	Capital Leases				
11	Other Capital Items				
<b>12</b>	<b>Total</b>				

**Notes:**

- [1] The capital balances for Long-Term Debt, Capital Leases, Preferred Equity, Common Equity and Other Capital shall be mid-year (September 30) balances adjusted to reflect any intercompany payables balances using any 13 month average, if applicable, consistent with Commission Order in Docket No. 16-052-U. Support for the 13 month average of the money pool calculations shall be provided. The total DTE for external capital, including the short-term debt percentage of 2.9%, shall be fixed at 50/50, consistent with Commission Order in Docket No. 16-052-U. Capital amounts shall include mid-year (September 30) balances for Post-1970 Investment Tax Credits, Customer Deposits, and Short-Term debt balances, beginning and ending year average for ADIT, and 13-month average balances for CAOL, if applicable. A September 30 balance sheet should be provided as well as a reconciliation between the balance sheet and Column (C) amounts. Support for the CAOL balances shall include the same format and detail as required by the Filing Requirements in Attachment **DE**, Item No. 15.
- [2] Capital amounts each divided by the Total Capital Amount.
- [3] The cost rates shall be calculated in accordance with the calculation applied by the Commission in Docket No. 16-052-U. Support for the cost of Long-Term debt and cost of Preferred Stock shall be provided in the same format and level of detail required by the Filing Requirements, respectively. Support for the Short-Term debt cost rate and DOE Obligation cost rate, if applicable, should include a general description of how the interest rate is determined and the same level of detail provided in the Filing Requirements in Attachment **DE**, Item No. 15. The cost rate for Customer Deposits shall be the Commission-approved rate in effect during the year. The cost rate for Common Equity shall be that approved by Commission Order in Docket No. 16-052-U.
- [4] The components in Column F are the corresponding Cost Rates multiplied by the associated Capital Ratio.



## Attachment DB-6

**Oklahoma Gas & Electric  
Formula Rate Plan  
FRP Revenue Redetermination Formula  
For the Evaluation Period Ending March 31, 2020**

<b>SECTION 1</b>		
<b>BANDWIDTH DEVELOPMENT</b>		
<b>Line No</b>	<b>DESCRIPTION</b>	<b>REFERENCE</b>
1	Earned Rate of Return on Common Equity ("ERR") [1]	BD-1, Line 17
2	Target Return Rate ("TRR") [2]	BD-5, Line 3, Column E
3	Upper Bandwidth Limit	Line 2 + 0.50%
4	Lower Bandwidth Limit	Line 2 - 0.50%
		If L1 < L4, then L2 - L1; If L1 > L3, then L2 - L1, but no adjustment if L1 ≥ L4 and L1 ≤ L3
5	ROE Adjustment	
<b>SECTION 2</b>		
<b>ROE BANDWIDTH RATE ADJUSTMENT</b>		
<b>Line No</b>	<b>DESCRIPTION</b>	<b>REFERENCE</b>
6	ROE Adjustment	Per Line 5
7	Common Equity Capital Ratio	BD-5, Line 3, Column D
8	Retail Rate Base	BD-1, Line 1
9	Revenue Conversion Factor	BD-1, Line 10
10	Total Rate Change in FRP Revenue	Line 6 * Line 7 * Line 8 * Line 9
<b>SECTION 3</b>		
<b>TOTAL BANDWIDTH RATE ADJUSTMENT</b>		
<b>Line No</b>	<b>DESCRIPTION</b>	<b>REFERENCE</b>
11	(Reduction) / Increase in FRP Revenue	Line 10
12	Adjusted Historical Year FRP Rider Revenue	Note [3]
13	Netting of Historical Year Differences Adj. [4]	Line 11 - Line 12

**Notes:**

- [1] The ERR is the Earned Rate of Return on Common Equity, calculated by dividing the weighted earned common equity rate by the common equity ratio percentage.
- [2] The TRR is the Company's cost rate for common equity as established by the Commission in Docket No. 16-052-U.
- [3] Incremental Evaluation Period FRP Rider revenue is the total FRP Rider revenue received in the Evaluation Period not including any previous year FRP Rider revenue..
- [4] Netting shall not begin until there is an actual twelve (12) months of Historical Year to report.

## Attachment C

### Oklahoma Gas & Electric FORMULA RATE PLAN ADJUSTMENTS

The amounts reflected in Attachment D shall be adjusted to reflect the following:

#### I. General

- A) The rate base, revenue and expense effects associated with riders which recover specific costs or other rate mechanisms the utility may have in effect shall not be included in the Formula Rate Plan Historical Year period.
- B) The Historical Year balance sheet shall be the source for rate base and capital for the Evaluation Period used in Attachment D. The Historical Year income statement shall be the source for revenue and expense amounts used in Attachment D.
- C) The Evaluation Period shall be adjusted to remove rider revenue and expenses, remove amounts, or otherwise make adjustments, consistent with the most recent general rate case, and other adjustments as described in Attachment C.
- D) Rate base amounts for the Evaluation Period shall exclude construction work in progress (CWIP), Non-Utility Plant, and Plant Held for Future Use. Plant and Accumulated Depreciation amounts for the Evaluation Period shall be adjusted to remove Asset Retirement Obligations.
- E) No adjustments shall be made in the Evaluation Period to annualize any expense.
- F) During the term of the FRP, the Lost Contribution to Fixed Costs portion of the utility's Energy Efficiency Rider shall be set to zero.
- G) Depreciation Expenses and Accumulated Depreciation shall reflect Commission-approved rates. No changes in depreciation rates shall be made in the annual FRP filing. During an annual FRP filing, a utility may request an interim rate for plant added which has no approved depreciation rate, excluding major plant acquisitions. OG&E shall request depreciation rates for major plant acquisitions within the docket requesting approval for the purchase of the plant.
- H) Revenue and cost effects that were imputed in the general rate case shall be similarly imputed in the annual FRP filing.
- I) OG&E shall not record a regulatory asset or a regulatory liability representing the amount by which an FRP increase or decrease absent the operation of the 4 percent cap exceeds the actual FRP increase or decrease that is implemented pursuant to the operation of this tariff.

#### II. Cost of Service Categories

##### A. Revenues

- 1. For the Filing Year, total revenue used on Attachment A-2 shall be based on OG&E's projected annualized billing determinants and rates which will be in effect at year-end. Because year-end data will not be available at the time of the filing, revenue projections for the Filing Year shall be updated based on actual data during the Rider FRP procedural schedule.
- 2. For the Projected Year, base rate revenue used on Attachment A-2 shall be based on OG&E's projected annualized billing determinants and rates which will be in effect at year-end. Adjustments

for customer growth and thirty-year weather normalized average usage and average demands established from Docket No.16-052-U.

3. The Evaluation Period shall reflect actual Historical Year revenues. No adjustments for growth or weather shall be included.
4. Revenues associated with special rate contracts shall be treated consistent with the terms of the contract.

B. Rate Base

1. For the Evaluation Period, plant shall reflect the average of beginning and ending year balances.
2. For the Evaluation Period, working capital assets (WCA) shall reflect a 13-month average.

C. Expenses

1. The Evaluation Period shall reflect actual expenses, adjusted as described in Attachment C.

D. Income Tax Expense

All state and federal income tax effects including 1) adjustments to taxable income, 2) adjustments to current taxes, and 3) provisions for deferred income tax (debit and credit) shall be adjusted or eliminated, as appropriate, to comport with the following principles:

1. All Evaluation Period interest expenses shall be eliminated and replaced with an imputed interest expense amount equal to the rate base multiplied by the weighted embedded cost of debt;
2. Effects associated with other adjustments shall be similarly and consistently adjusted;
3. The Evaluation Period shall reflect the corporate state and federal income tax laws legally in effect at year-end;
4. For the Evaluation Period, tax effects normally excluded for ratemaking purposes shall be eliminated.

E. Benchmark Rate of Return on Rate Base

For the Evaluation Period, the following adjustments shall be made:

1. Current, accrued, and other liabilities (CAOL) shall be based on the Historical Year 13-month averages, as adjusted, and include all accounts consistent with those ordered by the Commission in Docket No. 16-052-U;
2. Accumulated Deferred Income Taxes (ADIT) shall be based on the beginning and ending year average and include all accounts consistent with those ordered by the Commission in Docket No. 16-052-U;
3. The capital balances for Long-Term Debt, Capital Leases, Preferred Equity, Common Equity, DOE Obligation and Other Capital shall be mid-year (September 30) balances adjusted to reflect intercompany payables balances using any 13 month average, if applicable, consistent with those ordered by the Commission in Docket No. 16-052-U;
4. The debt-to-equity (DTE) ratio for external capital, including the short-term debt percentage of 2.9%, shall be fixed at 50/50.
5. The return on equity shall be the value determined in Docket No. 16-052-U.

F. Load Data

1. For the Evaluation Period, load data shall reflect actual Historical Year load. There will be no adjustments for customer growth or weather normalization. The load data for any load management tariff customers will be actual load.

### III. Other Adjustments

#### A. Reclassifications

1. For the Evaluation Period, revenues included in Other Electric Revenue shall be reclassified to the appropriate jurisdictional rate schedule revenue category.
2. For the Evaluation Period, costs not allowable for ratemaking purposes shall be excluded as specified in Section I, or removed by adjustment. Likewise, costs that are allowed, but recorded below the utility operating income line, shall be included in the annual FRP filing cost data through appropriate reclassification adjustments.

#### B. Out-of-Period Items

Expenses and revenues that are related to transactions occurring prior to the Evaluation Period but are recorded in the Evaluation Period shall be eliminated, including any associated tax adjustments.

#### C. Other

Nothing in this Attachment shall preclude OG&E or any party from proposing additional adjustment(s) beyond those described above.

## Attachment **ED**

### OKLAHOMA GAS & ELECTRIC FORMULA RATE PLAN FILING REQUIREMENTS

Item No.	Filing Requirements
1	OG&E shall file all FRP Attachments supporting the Historical Year.
The following information shall be provided to the Parties:	
2	Comparative Balance Sheet for the Historical Year, and as of March 31 for the four (4) years preceding the Historical Year. Reconcile to the Trial Balances and the Attachment <b>BD</b> Schedules that it supports, and reconcile to the FERC Form 1 and FERC Form 3-Q, as applicable.
3	Operating statement of revenues and expenses for the Historical Year, and for twelve months ending March 31 for the four (4) years preceding the Historical Year. Reconcile to the Trial Balances and the Attachment <b>BD</b> Schedules that it supports, and reconcile to the FERC Form 1 and FERC Form 3-Q, as applicable.
4	Trial Balance by detail general ledger subaccount number for the Historical Year and as of March 31 for the four (4) years preceding the Historical Year. Reconcile to the Balance Sheets and the Attachment <b>BD</b> Schedules that it supports.
5	Monthly Trial Balances (FERC and Natural accounts) by detail general ledger subaccount number for the beginning of the Historical Year and each of the monthly balances for the Historical Year. Reconcile to the Balance Sheet, Income Statement, and the Attachment <b>BD</b> Schedules that it supports. Also, provide the monthly Trial Balance information for the Filing Year to date.
6	Monthly balances for the "300" series plant accounts for the beginning of the Historical Year and at each month-end of the Historical Year (13 months). In additional columns, the accumulated depreciation balances, the removal of securitized amounts (plant and accumulated depreciation) and asset retirement obligations and any other adjustments by each "300" series plant amount for the beginning of and each month-end of the Historical Year (13 months). Reconcile to the utility plant accounts in the Trial Balance and the Attachment <b>BD</b> Schedules it supports.
7	Monthly plant and accumulated depreciation balances by account and plant and unit, if applicable, for the Historical Year showing the additions and retirements and any adjustments. Provide the cost of removal and salvage amounts by plant account for the year. Reconcile all amounts to the monthly Trial Balances for the "300" series plant accounts.
8	Identify all construction projects or purchases that closed to plant during the Historical Year. Include the project number, project description, start date, completion date, date closed to plant, cost to complete, and plant accounts where it was closed. Provide the detailed costs, including the AFUDC calculation, included in the five (5) largest projects completed during the year.
9	Plant balances by subaccount and plant/unit, as applicable for the ten (10) calendar years preceding the Filing Year showing the additions and retirements. Include the 10-year average of each and explain any amount that deviates from the average by more than thirty percent (30%). Provide the cost of removal and salvage amounts by plant subaccount and plant/unit, as applicable for the same ten (10) years. Determine the 10-year average percentage of plant additions, by plant account, for retirements, and the 10-year average percentage of retirements by plant (accumulated depreciation) account for cost of removal and salvage.

10	Detailed chart of accounts, including subaccounts and detailed description (i.e. MFR E-9). List of Source Object Codes, including cost center, order, and work breakdown structure and a detailed description for each.
11	OG&E internal and external audit reports for the Historical Year and any proposed auditor's adjustments.
12	The most recently filed State and Federal Income Tax Returns for OG&E and OGE Energy Corp.
13	Web access for the period of time between filing and a final order in the formula rate review process to OG&E's database containing all general ledger accounting activity for the Historical Year and Filing Year to date.
14	Rules of Practice and Procedure, Appendix 8-1 Minimum Filing Requirements (MFR) Schedules, as modified to substitute the Historical Year for the test year, B-1, B-2, B-4, B-5, B-10, C-4, C-5, C-8, C-9, C-10, C-11, C-12, D-2, D-3, D-5, D-6.1, D-6.2, D-6.3, D-7, F-1, G-1, G-2, G-3 and G-4, including the supporting cost of service study (Jurisdictional Only). These schedules shall be used to support the adjustments described in Item 17 below. Note, C-5 shall be used to recalculate the revenue conversion factor. Note, D-2 and D-3 shall be modified to substitute the Historical Year as of September 30 for the test year.
15	Schedule of the expenses paid to each vendor for the Historical Year and Filing Year to date sorted by vendor name.
16	Web access for the period of time between filing and a final order in the formula rate review process to invoices for all vendors, regardless of originating company (OG&E and OGE Energy Corp.) included in Item 15.
17	Separate schedules of proposed adjustments to the actual financial statement amounts in determining the Adjusted Historical Year -by general ledger subaccount for 1) rate base, 2) revenues and expenses (excluding current and deferred income taxes), 3) current and deferred income taxes, 4) CAOL, 5) ADIT and 6) other capital components. Within each schedule, the adjustments should be in separate columns, but grouped by 1) adjustments to remove rider revenue and expenses, 2) those consistent with adjustments ordered by the Commission in Docket No. 16-052-U (such as removal of disallowed expenses such as charitable contributions, or exclusion of temporary accounts from WCA), or 3) or other adjustments. The adjustments within each schedule (rate base, revenues and expense, income taxes, cost of capital components) shall directly support and reconcile to the appropriate Attachment <del>BD</del> Schedules.
18	For the Historical Year, by rate class and rate schedule, provide a statement showing customer count, kWh, weather adjusted kWh, base rate revenues, and rider revenues.
19	Provide expense totals for the Historical Year and the four (4) years preceding the Historical Year by Source Object Code. Each year should include separate columns for expenses included in the determination of base rates and other riders (non-base rates) expenses. Reconcile to Trial Balance.
20	Schedule of total payroll and related costs supporting base rates (excluding riders) by FERC subaccount (expense and non-expense accounts) for the Historical Year and four (4) years preceding the Historical Year. The costs should be shown in separate groups of columns for each company (OG&E and OGE Energy Corp.). Within each company, for full-time employees only, include separate columns for: base pay, overtime, STI, LTI, other bonuses (identify each separately), and payroll taxes. Provide part-time pay and payroll taxes. Include a separate column for reductions for any payroll costs paid by other affiliates or other companies per loaned labor/mutual assistance programs.

21	Non-payroll balances supporting base rates (excluding riders) by FERC subaccount for the twelve (12) months ending March 31 for the Historical Year and four (4) years preceding the Historical Year. Either in a separate analysis or in separate columns, identify the expense amounts in each subaccount, by company (OG&E and OGE Energy Corp.). Identify and explain all significant changes in accounting procedures during the five (5) years. For any accounting reclassifications identified in the accounting changes, align and reconcile accounts that reflect accounting changes in order to consistently track the accounting change through the five-year period. Identify and explain changes between the twelve (12) months ending March 31 of the Historical Year costs and the five-year average by FERC Account for all variances greater than thirty percent (30%) and five hundred thousand dollars (\$500,000). The explanation and work papers shall include the specific underlying reason for the variance.
22	Provide an analysis of non-payroll, non-rider expenses and plant amounts using the historical data and results of Items 9 and 21. In addition to the averages developed in the other Items, determine a trended average, or average of annual changes, for each FERC subaccount balance for the five years of historical expense data and ten years of historical plant data, ending with the Historical Year (Plant in Service will be presented at the 300 FERC subaccount and plant/unit level). Summarize the results, showing a comparison of the Historical Year balances, averages, and trended averages, by FERC subaccount or plant subaccount and plant/unit, if applicable.
23	Affiliate transaction analysis of OG&E expense account and project code shown in separate columns for the following: a) amounts billed, segregated between direct and allocated, from each affiliated company with separate columns for each affiliate; b) amounts directly incurred by OG&E for its own operations; c) all other amounts in the account not corresponding to (a) or (b); and d) the sum of columns (a) through (c) which would equal the account's general ledger balance at the end of the Historical Year. Provide an explanation of all items in (c). Provide copies of all allocation manuals used in allocating common costs among and between the Company and its affiliates, and billing method tables for all affiliates which have direct-billed or allocated charges to OG&E.
24	The Company will provide a fully-functioning cost of service model as approved by the Commission in Docket 16-052-U and pursuant to Attachment C, Section II. F. The Cost of Service model should be able to replicate the Company's determination of the jurisdictional revenue requirement for the 1 Evaluation Period, containing links to the supporting accounting schedules which contains the level of detail (e.g., subaccounts or detailed plant information) commensurate with the detail required by the cost of service model.

## Attachment **FE**

### FORMULA RATE PROTOCOLS Section I. General Provisions

#### 1. Applicability and Scope

- A. The following protocols shall apply to the annual Evaluation Report filings made pursuant to the Formula Rate Plan Rider Tariff (FRP) approved by the Commission in Docket No. 16-052-U.
- B. The Rules of Practice and Procedure (RPPs) shall apply to all annual Evaluation Report filings, except the following for which the Commission has granted an exemption by approving the FRP:
  - Rule 3.08;
  - Rule 4.02 (a)(2)(A);
  - Rule 4.02 (a)(3);
  - Rule 4.02 (a)(4);
  - Rule 4.03 (c);
  - Rule 4.04 (a)(2);
  - Rule 4.10 (a)(2) & (3); and
  - Rule 5.05(b), (c), & (d).
- C. Any proposed modification of the FRP Tariff, including these protocols, is outside the scope of an annual Evaluation Report filing and as such, no Party shall seek to modify the FRP Tariff, including these protocols, as part of any annual Evaluation Report filing. Proposed modifications to the FRP Tariff, including these protocols, shall be brought in a separate docket.
- D. The filing of an annual Evaluation Report is a Formal Application. The filings of an annual Evaluation Report are not to be construed as a General Rate Change Application, nor are adjustments to rates that result from the filings of an annual Evaluation Report to be construed as a general change in rates pursuant to any provision of the Arkansas Code that references a general change in rates.
- E. The Commission may grant an exemption from compliance with these Protocols if the exemption is found to be in the public interest and for good cause shown.

#### 2. Public Notice

- A. At least thirty (30) days prior to filing an annual Evaluation Report, OG&E shall give public notice of its intent to file.
- B. The notice shall indicate that it is from OG&E and shall include: the docket number, if known; the date on or about which the annual Evaluation Report is to be filed; the effective date of FRP rates; reference to the RPPs and these protocols for persons interested in intervening, making a limited appearance, or submitting public comments in writing or orally at the hearing; deadlines for intervention as provided herein; the name, address, phone number and email address of the Secretary of the Commission and the URL address of the Commission website; and that further information may be obtained by contacting the Secretary of the Commission or viewing the Commission's website.



- C. Public notice shall be given by any method including but not limited to: bill notation, direct mail, email exploder list, publication on OG&E's website, through social media, or publication in a newspaper of general circulation in OG&E's service area.
- D. An annual Evaluation Report filing shall include a declaration that these notice provisions have been complied with.

### **3. Intervention**

- A. A Petition to Intervene shall be filed within ten (10) calendar days from the date the annual Evaluation Report is filed.
- B. Any Party desiring to file a Response to a Petition to Intervene shall file the Response within five (5) calendar days of the filing of the Petition. No additional responses or replies shall be permitted unless specifically authorized by the Commission.
- C. The Commission shall rule on the Petition to Interveners within seven (7) calendar days from the date the Petition is filed. If the Commission does not rule within that time frame, the Petition to Intervene shall be deemed denied.

### **4. Discovery**

#### **A. Time Within Which to Respond or Object**

- 1. The Party upon whom discovery is sought shall serve a written response or objection within ten (10) calendar days after service of the discovery. Responses or objections to requests for admission shall be served within ten (10) calendar days of service of the requests. The Commission may prescribe a shorter or longer time. Any objections shall state the specific reasons for such objection.
- 2. If the response to the discovery request contains protected information for which no Protective Order has been issued, the responsive Party shall apply for a Protective Order as soon as reasonably practicable after receipt of the discovery request so as to avoid any delays in responding to discovery, and to the greatest extent practicable no later than five (5) calendar days after receipt of the discovery request. OG&E shall respond to the discovery request on the next business day after the Protective Order is issued or on the date the discovery response is due.

#### **B. Discovery Initiation**

Unless otherwise ordered, a Party may initiate discovery at any time after filing of an annual Evaluation Report so long as responses or objections and depositions shall be completed at least sixty (60) days before the date on which rates determined by the formula rate review mechanism will go into effect for each year or ten (10) days before a hearing on the merits, whichever is earlier.

#### **C. Service and Format**

- 1. Service shall be made by electronic mail, facsimile transmission, hand delivery, or overnight delivery service unless unusual circumstances otherwise justify delivery by another method and the Parties agree to the method chosen.
- 2. Attachments to documents shall be provided in native electronic format, with formulae and viable links intact.

3. Any discovery document served electronically or by facsimile after Commission Business Hours but before midnight or received on a non-business day shall be deemed served on Persons on the Official Service List with electronic mail on the next business day. Any discovery document served electronically or by facsimile between midnight and the beginning of Commission Business Hours on a business day shall be deemed served on Persons on the Official Service List on that business day. Any discovery document served by hand delivery or overnight delivery service shall be deemed served pursuant to Rule 3.07 of the RPPs.
4. Parties serving discovery requests shall clearly state the jurisdiction to which a particular data request pertains, if known. Parties shall state in their data request responses to which jurisdiction the response pertains. In light of Order No. 5 in APSC Docket No. 18-046-FR, OG&E will not object to the release under the terms of the Interim Protective Order (Order No. 1 of APSC 18-046-FR) of "specific customer information, or information that would allow the identification of a specific customer." OG&E will endeavor to obtain a thorough understanding of the nature of the inquiry before providing information requested and will timely and accurately provide the information needed for the parties to conduct their reviews.

D. Computation of Time for Performance or Response

In computing the time within which an act must be performed or a response made, the Day of the act from which the designated period of time begins to run shall not be included and the last Day shall be included unless it is a Saturday, Sunday, Legal Holiday, or other Day in which the Commission's office is closed, in which event the period shall extend to the next business Day. Service by mail or commercial delivery service is prohibited; therefore, no additional response time as contemplated by the RPPs is necessary.

5. **General Filing Matters**

- A. Beginning with the initial annual Evaluation Report filing after the FRP is approved by the Commission in Docket No. 16-052-U, a separate docket shall be established by the Secretary of the Commission for the annual Evaluation Report filings with an "FR" docket designation.
- B. The initial and all subsequent annual Evaluation Reports filed in the "FR" docket. OG&E shall submit the annual Evaluation Report with a Commission-approved tariff Docket Summary Cover Sheet. In addition to any other information required by the coversheet, OG&E shall reference Docket No. 16-052-U.
- C. The annual Evaluation Report shall provide a fully functioning Cost of Service model, approved by the Commission in Docket 16-052-U, that is linked to the appropriate accounting adjustment schedules (e.g., MFR B and C Schedules for Rate Base and Expense amounts, respectively) capable of replicating the Company's results, and that allocates all accounting adjustments to Arkansas. In addition, the required accounting schedules shall contain fully adjusted amounts at the same level of detail, e.g., subaccounts, as utilized in the Cost of Service model.
- D. Stipulations or Settlements
  1. Parties shall propose by written motion that the Commission adopt stipulations or settlements. Such motion shall be filed, along with supporting testimony, no later than seven (7) calendar days prior to the hearing scheduled in the annual Evaluation Report filing. If the seventh day falls on a weekend or state holiday such settlement agreement and supporting testimony shall be filed on the last business day prior to the seventh day. The motion shall set forth the factual, legal, policy, and other consideration which form the

basis for the Parties' recommendation that the stipulation or agreement be adopted, and shall be supported by written testimony.

2. A Party not joining a proposed stipulation or settlement may file a response no later than five (5) calendar days prior to the scheduled date of the hearing.
3. Such a response shall set forth the factual, legal, policy, and other consideration which form the basis for the Party's opposition to the proposed stipulation or settlement or portions thereof.

## **Section II. Filing Requirements**

### **1. Testimony and Exhibits**

- A. Testimony with or without Exhibits shall be filed simultaneously with the annual Evaluation Report and address, at a minimum:
  1. A description of the filed schedules and all of the adjustments proposed;
  2. A description of any significant cost drivers;
  3. A description of any changes in accounting policies, practices, and procedures if they affect inputs to the FRP or the rate redetermination to be made under the FRP; and
  4. A narrative explanation of the rate impact.

### **2. Workpapers and Supporting Documentation**

- A. The annual Evaluation Report and any revisions thereto shall include:
  1. Data-populated schedules including fully functioning EXCEL spreadsheet with all formulas and links intact, showing all calculations in the annual Evaluation Report;
  2. Sufficient information to enable the Parties to replicate the calculation of the formula results from the applicable schedules; and
  3. Documentation fully supporting all calculations and adjustments.
- B. Workpapers shall be provided to the Parties simultaneously with the filing of the annual Evaluation Report and any revisions thereto, and shall include:
  1. All supporting calculations and documents that explain the calculations in the annual Evaluation Report;
  2. Both references to and support from detailed source information; and
  3. A complete description of any statistical model used, the data used, and the results of the analysis if not addressed in testimony or exhibits.
- C. With respect to any change in accounting that affects inputs to the FRP or the resulting rate redetermination to be billed under the FRP, OG&E shall identify and provide narrative explanation

of the individual impact of such changes on rate redetermination to be billed under the FRP including:

1. The initial implementation of an accounting standard or policy;
  2. The initial implementation of accounting practices for unusual or unconventional items where the Commission has not provided specific accounting direction;
  3. Correction of errors and prior period adjustments that impact the FRP;
  4. The implementation of new estimation methods or policies that change prior estimates; and
  5. Changes to income tax elections.
- D. OG&E shall identify any reorganization or merger transaction and explain the effect of the accounting for such transaction(s) on the inputs to the FRP or the resulting rate determination to be billed under the FRP.

### **3. Waiver of Requirements**

OG&E may omit specific items of information from the annual Evaluation Report filing only with prior Commission approval.

### **4. Filing Deficiencies**

- A. The Arkansas Public Service Commission General Staff ("Staff") may review each annual Evaluation Report filing to ascertain whether it complies with the provisions of these Filing Requirements and the FRP, including the provisions of all of the Attachments thereto.
- B. If Staff determines that any deficiencies exist Staff shall file a notice detailing the deficiencies within seven (7) calendar days from the date the annual Evaluation Report is filed.
- C. OG&E shall correct the deficiencies, within seven (7) calendar days of filing of the notification of deficiency, or upon objection being filed by OG&E within that timeframe; the Commission may set a longer period as may be reasonable.
- D. Staff shall review corrections made by OG&E to determine compliance with all information required by the Filing Requirements and the FRP, including the provisions of all of the Attachments thereto.
- E. No more than three (3) business days from the filing of corrections, Staff may file a (1) statement of compliance or (2) a second notice of deficiencies, listing each requirement not met and a brief explanation in support.
- F. The Commission shall resolve any dispute as to deficiencies within seven (7) calendar days of the filing of the second notice of deficiencies by either accepting the corrections made by OG&E or by directing additional corrections to be filed by OG&E.

### **5. Dispute Procedures**

- A. Any Party filing with the Commission a statement of errors or objections to the Evaluation Report shall file Testimony with or without Exhibits simultaneously with the statement of errors or objections and the filing shall:
  1. Clearly identify and explain the error in or objection to the annual Evaluation Report;
  2. Make a good faith effort to quantify the financial impact of the error or objection;

3. State specifically any proposed changes to the annual Evaluation Report that the Party recommends; and
  4. Include all documents and workpapers that support the calculation of the error or the facts supporting the objection.
- B. OG&E shall file a corrected FRP rate or Rebuttal Testimony with or without Exhibits to the errors and objections raised by the Parties.

**~~6. Extension of Term~~**

- ~~A. If OG&E requests an extension of the initial term of the FRP, OG&E shall include such request as part of its fourth annual Evaluation Report filing.~~
- ~~B. The extension of the FRP will utilize a Historical Year Test Period.~~
- ~~C. OG&E shall provide a class cost of service study for year end 2021.~~
- ~~D. The Commission shall enter a decision on OG&E's request no later than April 1, 2022.~~

APSC FILED Time: 10/1/2021 8:32:08 AM Recvd 10/1/2021 8:31:22 AM: Docket 21-087-U-Doc. 23

# ARKANSAS PUBLIC SERVICE COMMISSION

1<sup>st</sup> RevisedSheet No. 80.0Replacing OriginalSheet No. 80.0Docket No.: 18-046-FROKLAHOMA GAS AND ELECTRIC COMPANY

Name of Company

Order No.: 15Kind of Service: ElectricClass of Service: All

Effective: 4/1/2021

**Part I. Rate Schedule No. FRP**Title: Formula Rate Plan RiderPSC File Mark Only**80.0 FORMULA RATE PLAN RIDER****80.1 REGULATORY AUTHORITY**

The Arkansas General Assembly has delegated authority to the Arkansas Public Service Commission ("APSC" or the "Commission") to regulate public utilities in the State of Arkansas, including Oklahoma Gas & Electric ("OG&E" or the "Company"). The Arkansas General Assembly has enacted the Formula Rate Review Act ("FRRA"), Ark. Code Ann. §§ 23-4-1201 *et seq.*, which authorizes use of this Formula Rate Plan Rider tariff ("FRP").

**80.2 PURPOSE**

The FRP defines the procedure by which all rates and applicable riders (Rate Schedules) on file with the APSC, except those excluded in Attachment A.1 to this FRP, may be periodically adjusted. The FRP shall apply to all electric service billed under the Rate Schedules, whether metered or unmetered.

**80.3 DEFINITIONS****A. BENCHMARK RATE OF RETURN ON RATE BASE**

"Benchmark Rate of Return on Rate Base" means the composite weighted, embedded cost of capital reflecting OG&E's annual costs of long-term debt, common equity, and other capital components as of the end of the Evaluation Period.

**B. COMPLIANCE COST OF SERVICE STUDY**

"Compliance Cost of Service Study" means the cost of service study that supports the final approved rates and allocation methodologies approved by final order in Docket No. 16-052-U.

**C. EARNED RATE OF RETURN**

"Earned Rate of Return" means OG&E's return on common equity calculated by dividing the weighted earned common equity rate by the common equity ratio percentage.

**D. EVALUATION REPORT**

"Evaluation Report" means the information required by the Commission in support of a Formal Application for an annual FRP filing, including all Rider FRP Schedules, Filing Requirements, and Adjustments with supporting work papers as set forth under the terms of this Rider FRP.

**E. FORMULA RATE REVIEW EVALUATION PERIOD**

The annual evaluation of the Formula Rate Review shall be based upon data for the twelve-month period ended March 31 of the Projected Year for the 1<sup>st</sup> and 2<sup>nd</sup> Evaluation Reports filed on or about October 1 of 2018 and 2019. Beginning with the Company's 3<sup>rd</sup> Evaluation Report filed on or about October 1 of 2020 and each subsequent year thereafter the annual evaluation of the Formula Rate Review shall be based upon data for the twelve-month period ended March 31 of the Historical Year.

APSC FILED Time: 10/1/2021 8:32:08 AM Recvd 10/1/2021 8:31:22 AM: Docket 21-087-U-Doc. 23

# ARKANSAS PUBLIC SERVICE COMMISSION

1<sup>st</sup> RevisedSheet No. 80.1Replacing OriginalSheet No. 80.1Docket No.: 18-046-FROKLAHOMA GAS AND ELECTRIC COMPANYOrder No.: 15

Name of Company

Kind of Service: ElectricClass of Service: All

Effective: 4/1/2021

**Part I. Rate Schedule No. FRP**Title: Formula Rate Plan RiderPSC File Mark Only**F. FORMULA RATE REVIEW PROTOCOLS**

“Formula Rate Review Protocols” means the protocols provided in Attachment E and includes the Rider FRP general provisions and filing requirements for the Annual Evaluation Report.

**G. HISTORICAL YEAR**

A Historical Year shall be the twelve (12) month period ended March 31 immediately preceding the filing of an Evaluation Report.

**H. FILING YEAR**

The Filing Year shall be the twelve (12) month ending March 31 after the Annual Filing date.

**I. PROJECTED YEAR**

The Projected Year shall be the twelve (12) month period ended March 31 immediately following the Filing Year.

**J. RATE ADJUSTMENT**

“Rate Adjustment” means the change in rates resulting from an annual formula rate review under the FRRA as reflected in Attachment A-1 to the Evaluation Report.

**K. TARGET RETURN RATE**

“Target Return Rate” means the target rate of return as defined in Arkansas Code § 23-4-1203.

**80.4 ANNUAL FILING AND REVIEW****A. ANNUAL FILING**

On or about October 1, 2018 and on or about October 1 of each subsequent year, OG&E shall file a report (“Evaluation Report”) with the Commission containing an evaluation of the Company’s earnings pursuant to the FRP for the Formula Rate Review Evaluation Period. Attachment A-1 shall be included in each such filing and shall contain the Company’s proposed Rate Adjustment. The Evaluation Report and the Rate Adjustment shall be filed pursuant to the FRP.

**B. EFFECTIVE DATE**

Rates pursuant to the initial FRP shall become effective with the first billing cycle of April 2019 and subsequently adjusted FRP rates shall be effective with the first billing cycle of April of each successive projected year after the evaluation report is filed.

**C. REVIEW PERIOD**

The Parties shall file a statement of error(s) or objection(s) and supporting Testimony with or without Exhibits at least 90 days before the date on which the Rate Adjustment becomes effective. The Company shall have fifteen (15) days to review the statement of error(s) or objection(s), to work with the Parties to

## ARKANSAS PUBLIC SERVICE COMMISSION

APSC FILED Time: 10/1/2021 8:32:08 AM Recvd 10/1/2021 8:31:22 AM: Docket 21-087-U-Doc. 23

1<sup>st</sup> RevisedSheet No. 80.2Replacing OriginalSheet No. 80.2Docket No.: 18-046-FROKLAHOMA GAS AND ELECTRIC COMPANY

Name of Company

Order No.: 15Kind of Service: ElectricClass of Service: All

Effective: 4/1/2021

**Part I. Rate Schedule No. FRP**Title: Formula Rate Plan RiderPSC File Mark Only

resolve any differences, and to address the error(s) and objection(s) raised by the Parties by filing either a corrected Attachment A.1 or Rebuttal Testimony with or without Exhibits.

**D. HEARING AND APPROVAL OF RATE ADJUSTMENT**

Following a hearing at least fifty (50) days before the date on which the Rate Adjustment shall become effective, unless waived by OG&E and the Parties, the Commission shall issue a final order in which it resolves any issues in dispute and approves the Rate Adjustment at least twenty (20) days before the date on which the Rate Adjustment shall become effective. If a final order is not issued by such date, the initially filed or revised Rate Adjustment shall become effective for bills rendered on and after the first billing cycle of April, subject to refund, and shall remain in effect until changed by final order of the Commission.

If the Commission's final ruling on any disputed issues requires changes to the Rate Adjustment, the Company shall file a revised Attachment A-1 containing such further modified Rate Adjustment within five (5) days after receiving the Commission's order resolving the disputed issues. The Parties shall have three (3) days to review the revised Attachment A-1. The revised Attachment A-1 shall be implemented as ordered by the Commission.



APSC FILED Time: 10/1/2021 8:32:08 AM; Recvd 10/1/2021 8:31:22 AM; Docket 21-087-U-Doc. 23

**ARKANSAS PUBLIC SERVICE COMMISSION**
1<sup>st</sup> RevisedSheet No. 80.3Replacing OriginalSheet No. 80.3OKLAHOMA GAS AND ELECTRIC COMPANY

Name of Company

Kind of Service: ElectricClass of Service: All**Part I. Rate Schedule No. FRP**Title: Formula Rate Plan RiderDocket No.: 18-046-FROrder No.: 15

Effective: 4/1/2021

PSC File Mark Only**80.5 ANNUAL DETERMINATION OF RATE ADJUSTMENT****80.5.1. INDEX OF ATTACHMENTS**

Attachment	Description
A-1	FRP Rate Adjustment (Rate Adjustment).
A-2	FRP Revenue Change
B-1	Earned Rate of Return ("ERR") on Common Equity.
B-2	Rate Base
B-3	Operating Income
B-4	Income Tax
B-5	Benchmark Rate of Return on Rate Base
B-6	Revenue Redetermination Formula
C	FRP Adjustments
D	FRP Filing Requirements
E	Formula Rate Review Protocols

## ARKANSAS PUBLIC SERVICE COMMISSION

APSC FILED Time: 10/1/2021 8:32:08 AM Recvd 10/1/2021 8:31:22 AM: Docket 21-087-U-Doc. 23

1<sup>st</sup> RevisedSheet No. 80.4Replacing OriginalSheet No. 80.4Docket No.: 18-046-FROKLAHOMA GAS AND ELECTRIC COMPANYOrder No.: 15

Name of Company

Kind of Service: ElectricClass of Service: All

Effective: 4/1/2021

**Part I. Rate Schedule No. FRP**Title: Formula Rate Plan RiderPSC File Mark Only**80.5.2. FRP BANDWIDTH CALCULATION**

The Total FRP revenue level shall be adjusted in the FRP review mechanism based on a comparison of the ERR to the TRR calculated using the following formula:

- A. If the ERR is less than the TRR minus five-tenths percent (0.50%), the Total FRP Revenue level shall be increased by the amount necessary to increase the ERR to the TRR.
- B. If the ERR is greater than the TRR plus five-tenths percent (0.50%), the Total FRP Revenue level shall be decreased by the amount necessary to decrease the ERR to the TRR.
- C. There shall be no change to the FRP Revenue level if the ERR is less than or equal to the TRR plus five-tenths percent (0.50%), and greater than or equal to the TRR minus five-tenths percent (0.50%).

**80.5.3. NETTING OF HISTORICAL YEAR DIFFERENCES ADJUSTMENT**

The Netting of Historical Year Differences Adjustment shall be determined in accordance with Attachment D-6. The Netting of Historical Year Differences Adjustment shall then be applied to the Formula Rate Review Evaluation Period FRP Revenue in the year following the filing year to derive the Total FRP Revenue as set out in Attachment A-2. Netting shall not begin until there is an actual twelve (12) months of Historical Year to report.

**80.5.4. FRP REVENUE ALLOCATION**

The total change in the formula rate revenue level shall be allocated to each applicable rate class based on an equal percentage of the base rate revenue used in the development of rates approved by the Commission in Docket No. 16-052-U. The total amount of such revenue increase or decrease for each rate class shall not exceed four percent (4%) of each rate class's revenue for the Filing Year.

**80.6 TERM**

The term of the FRP rider shall be an initial five (5) year term plus an additional extended five (5) year term for a total term not to exceed ten (10) years from the date of the Commission's final order in Docket No. 16-052-U.

Total FRP rates shall continue to be in effect until new base rates reflecting the then-existing Total FRP Revenue are duly approved and implemented and until the Company recovers or returns the remaining Netting of Historical Year Differences Adjustments, per § 23-4-1208- (b).

## Attachment A-1

### Formula Rate Plan Rate Adjustment

All retail base rates and applicable riders on file with the APSC will be increased or decreased by a percentage of base revenues listed below, except those specifically excluded below:

Rate Class	FRP Rate (%)
<b>Residential</b>	
<b>General Service</b>	
<b>Power and Light</b>	
<b>Other*</b>	

\*Other includes Municipal Water Pumping, Municipal Roadway and Area Lighting, Outdoor Security Lighting, Athletic Field Lighting, and the LED lighting rates

**Excluded Schedules:**

Energy Cost Recovery Rider (ECR)  
 Energy Efficiency Cost Recovery Rider (EECR)  
 Transmission Cost Recovery Rider (TCR)  
 Environmental Compliance Plan Rider (ECP)  
 Day-Ahead Pricing (DAP) (DAP energy component only)  
 Flex Pricing (FP) (FP energy component only)  
 Rider for Municipal Tax Adjustment (MTA)  
 Renewable Energy Program Rider (REP)  
 Load Reduction Rider (LR)  
 Tax Adjustment Rider (TA)

**Special Rate Contracts:**

Special Contracted Rates shall be included or excluded pursuant to the terms of the Special Rate Contract.

## Attachment A-2

### FRP Rider Revenue Change

Line No.	Description	Total	Residential	General Service	Power and Light	Other
A	B	C	D	E	F	G
1	Base Rate Revenues: Docket No. 16-052-U	\$102,193,196	\$38,919,157	\$11,861,458	\$48,208,613	\$3,203,968
2	Rate Class Allocation:(Percent of total calculated from L1)	100%	38.08%	11.61%	47.17%	3.14%
3	<b><u>FRP Constraint Calculation [1]</u></b>					
4	Total Annualized Filing Year Revenues by Rate Class					
5	FRP Revenue Change = ±4% per Rate Class	4.00%	4.00%	4.00%	4.00%	4.00%
6	+Upper FRP Revenue Constraint					
7	-Lower FRP Revenue Constraint					
8	<b><u>Net Change in Req. FRP Revenue Calc [2]</u></b>					
9	ROE Bandwidth Rate Adjustment (B.6 L13 * L2)					
10	<b><u>Cumulative FRP Revenue Calculation [3]</u></b>					
11	Maximum Inc/Dec in FRP Revenue calculated on L9 bounded by the constraint defined on L6 and L7.					
12	Authorized Filing Year FRP Rider Revenue [4]					
13	Cumulative Total FRP Rider Revenue (L11+L12)					
14	<b><u>FRP Rate Development Calculation [5]</u></b>					
15	Adjusted Projected Year Base Rate Revenue					
16	<b>FRP Projected Year Rate Change (L13 ÷ L15)</b>					
17	<b>For Informational Purposes Only</b>					
18	Incremental FRP Base Rate Change Required (L9 ÷ (L1 + L12))					
19	Incremental FRP Base Rate Change Allowed (L11 ÷ (L1 + L12))					

**NOTES:**

- [1] The FRP Constraint Calculation determines the limit of the FRP revenue increase/decrease per rate class, which shall not exceed four percent (4%) of Total Unadjusted Annualized Filing Year (the year in which the Evaluation Report is filed) revenues.
- [2] The Net Change in Required FRP Revenue Calculation takes the Historical Year Netting adjustment (D.6 Line 13) and allocates the amount required to each rate class based on the class allocation approved by the Commission in Docket No. 16-052-U listed on Line 2. The netting adjustment on line 9 shall be zero (0) until there is an actual twelve (12) months of Historical Year data to report.
- [3] The Cumulative FRP revenue calculation adjusts the Required FRP revenue determined on Line 9 to be within the limits of the FRP constraint calculation and adds the Annualized Filing Year FRP Revenues to calculate Cumulative Total FRP Revenue required in the Projected Year.
- [4] The Filing Year FRP Rider Revenue in the initial Filing Year will be zero (\$0). In subsequent Filing Years, the Filing Year FRP Rider Revenue will include FRP Rider revenues authorized for collection in the Filing Year and to be used to calculate the Cumulative FRP Rider Revenue amount (L13).
- [5] The FRP Rider Rate Development Calculation determines the percent increase/decrease that will be applied to all base rate components. The Adjusted Projected Year Base Rate Revenue is calculated using the Retail Rate Schedule Revenue (as adjusted pursuant to Attachment C, Section II, A-2) excluding Projected Year Rider FRP Revenue and any revenue pursuant to excluded schedules listed on Attachment A-1. The percent increase/decrease is calculated by taking the Total FRP Rider Revenue listed on Line 13 and dividing it by the Adjusted Projected Year Revenues listed in Line 15.

## Attachment B-1

**Oklahoma Gas & Electric  
 Formula Rate Plan  
 Earned Rate of Return on Common Equity Formula  
 For the Evaluation Period Ending March 31, 202X**

Line No	Description	Source	Adjusted Amount
<b>TOTAL ARKANSAS RETAIL</b>			
1	ARKANSAS RETAIL RATE BASE	B-2, Line 13, Column D	
2	ARKANSAS RETAIL RATE SCHEDULE REVENUE	B-3, Line 2, Column B	
3	ARKANSAS RETAIL OPERATING REVENUE	B-3, Line 5, Column D	
4	ARKANSAS RETAIL OPERATING EXPENSE	B-3, Line 29, Column D	
5	ARKANSAS RETAIL OPERATING INCOME	Line 3 – Line 4	
6	EARNED RETURN ON RATE BASE	Line 5 / Line 1	
7	BENCHMARK RATE OF RETURN ON RATE BASE	B-5, Line 12, Column F	
8	REQUIRED ARKANSAS RETAIL OPERATING INCOME	Line 7 * Line 1	
9	ARKANSAS RETAIL OPERATING INCOME DEFICIENCY/(EXCESS)	Line 8 - Line 5	
10	REVENUE CONVERSION FACTOR	Note [1]	
11	ARKANSAS RETAIL REVENUE DEFICIENCY/(EXCESS)	Line 9 * Line 10	
12	RETAIL REVENUE REQUIREMENT	Note [2]	
13	COMMON EQUITY DEFICIENCY/(EXCESS) (%)	Line 9 / Line 1	
14	WEIGHTED EVALUATION PERIOD COST RATE FOR COMMON EQUITY (%)	B-5, Line 3, Column F	
15	WEIGHTED EARNED COMMON EQUITY RATE (%)	Line 14 - Line 13	
16	COMMON EQUITY RATIO (%)	B-5, Line 3, Column D	
17	<b>EARNED RATE OF RETURN ON COMMON EQUITY (%)</b>	<b>Line 15 / Line 16</b>	

**Notes:**

- [1] Revenue Conversion Factor =  $1 / [(1 - \text{Composite Tax Rate} * (1 - \text{Bad Debt} + \text{Forfeited Discounts}))]$ . Forfeited discount revenues for Arkansas are determined in accordance with APSC General Service Rule 5.05.
- [2] Arkansas Jurisdictional Revenue Requirement as determined by running the total company Evaluation Period costs through the approved Cost of Service model from Docket No. 16-052-U.

## Attachment B-2

**Oklahoma Gas & Electric  
 Formula Rate Plan  
 Rate Base  
 For the Evaluation Period Ending March 31, 202X**

Line No	Description	Historical Year Per Books  A	Evaluation Period Adjustments  B [1]	Adjusted Evaluation Period  C	Arkansas Retail Adjusted Evaluation Period  D [2]
1	PLANT IN SERVICE (Ending Balance)				
2	ACCUMULATED DEPRECIATION (Ending Balance)				
3	<b>NET UTILITY PLANT (L1 + L2)</b>				
4	PLANT ACQUISITION ADJUSTMENT (Ending Balance)				
5	AMORTIZATION OF ACQUISITION ADJ (Ending Balance)				
6	WORKING CAPITAL ASSETS				
7	MATERIALS AND SUPPLIES				
8	PREPAYMENTS				
9	FUEL INVENTORY				
10	WORKING CASH				
11	TOTAL WORKING CAPITAL ASSETS				
12	OTHER				
13	<b>TOTAL RATE BASE (L3 + L4 + L5 + L11 + L12):</b>				

**Notes:**

- [1] Adjustments as set out in Attachment C to this FRP.
- [2] Arkansas Retail Jurisdictional Rate Base as determined by running the total company historical costs through the approved Cost of Service model from Docket No. 16-052-U, as adjusted pursuant to Attachment C, Section II, F.

## Attachment B-3

**Oklahoma Gas & Electric  
Formula Rate Plan  
Operating Income  
For the Evaluation Period Ending March 31, 202X**

Line No	Description	Historical Year Per Books	Evaluation Period Adjustments	Adjusted Evaluation Period	Arkansas Retail Adjusted Evaluation Period
		A	B [1]	C	D [2]
	<b>REVENUES</b>				
1	SALES TO ULTIMATE CUSTOMERS				
2	ARKANSAS RETAIL RATE SCHEDULE REVENUE [4]				
3	ARKANSAS OTHER ELECTRIC REVENUE				
4	OTHER JURISDICTIONAL REVENUE				
5	<b>TOTAL OPERATING REVENUES (Sum of L2 thru L4)</b>				
	<b>EXPENSES</b>				
6	OPERATION & MAINTENANCE				
7	PRODUCTION				
8	TRANSMISSION				
9	REGIONAL MARKET				
10	DISTRIBUTION				
11	CUSTOMER ACCOUNTING				
12	CUSTOMER SERVICE & INFORMATION				
13	SALES				
14	ADMINISTRATIVE & GENERAL				
15	<b>TOTAL O &amp; M EXPENSE (Sum of L6 thru L14)</b>				
16	GAIN FROM DISPOSITION OF ALLOWANCES				
17	REGULATORY DEBITS & CREDITS				
18	DEPRECIATION & AMORTIZATION EXPENSES				
19	ACCRETION EXPENSES				
20	AMORTIZATION OF PLANT ACQUISITION ADJUSTMENT				
21	OTHER CREDIT FEES				
22	TAXES OTHER THAN INCOME				
23	STATE INCOME TAX [3]				
24	FEDERAL INCOME TAX [3]				
25	GAIN/LOSS – DISPOSITION OF UTILITY PLANT				
26	OTHER				
27	<b>TOTAL UTILITY OPERATING EXPENSE (Sum of L15 thru L26)</b>				
28	<b>NET UTILITY OPERATING INCOME (L5 – L27)</b>				

**Notes:**

- [1] Adjustments as set out in Attachment C to this FRP.
- [2] Arkansas Retail Jurisdictional Expenses as determined by running the total company historical costs through the approved Cost of Service model from Docket No. 16-052-U, as adjusted pursuant to Attachment C, Section II, F.
- [3] Reference Attachment B-4.
- [4] L2 includes only base rate revenues and prior year FRP revenues.

## Attachment B-4

**Oklahoma Gas & Electric  
Formula Rate Plan  
Income Tax  
For the Evaluation Period Ending March 31, 2020**

Line No	Description	Historical Year Per Books  A	Evaluation Period Adjustments  B [1]	Adjusted Evaluation Period  C	Arkansas Retail Adjusted Evaluation Period  D [2]
1	TOTAL OPERATING REVENUES				
2	TOTAL O&M EXPENSE				
3	GAIN FROM DISPOSITION OF ALLOWANCES				
4	REGULATORY DEBITS AND CREDITS				
5	DEPRECIATION & AMORTIZATION EXPENSE				
6	ACCRETION EXPENSE				
7	AMORTIZATION OF PLANT ACQUISITION ADJUSTMENT				
8	OTHER CREDIT FEES				
9	TAXES OTHER THAN INCOME				
10	GAIN/LOSS – DISPOSITION OF UTILITY PLANT				
11	OTHER				
12	INTEREST EXPENSE [3]				
13	<b>NET INCOME BEFORE INCOME TAXES (L1- (Sum L2-L12))</b>				
14	ADJUSTMENTS TO NET INCOME BEFORE TAXES [4]				
15	TAXABLE INCOME (L12 + L13)				
	<b>COMPUTATION OF STATE INCOME TAX [5]</b>				
16	TAXABLE INCOME (L15)				
17	STATE ADJUSTMENTS [4]				
18	STATE TAXABLE INCOME (L16 + L17)				
19	STATE INCOME TAX BEFORE ADJUSTMENTS (L18 * Tax Rate) [1]				
20	ADJUSTMENTS TO STATE TAX [4]				
21	<b>STATE INCOME TAX (L19 + L20)</b>				
	<b>COMPUTATION OF FEDERAL INCOME TAX [5]</b>				
22	TAXABLE INCOME (L15)				
23	STATE INCOME TAX BEFORE ADJUSTMENTS (L19)				
24	FEDERAL ADJUSTMENTS [4]				
25	TOTAL FEDERAL TAXABLE INCOME (L22 - L23 + L24)				
26	FEDERAL INCOME TAX BEFORE ADJUSTMENTS (L25 * Tax Rate) [1]				
27	ADJUSTMENTS TO FEDERAL TAX [4]				
28	<b>FEDERAL INCOME TAX (L26 + L27)</b>				

**Notes:**

- [1] Adjustments and applicable tax rate as set out in Attachment C to this FRP.
- [2] Arkansas Retail Jurisdiction as determined by running the total company historical costs through the approved Cost of Service model from Docket No. 16-052-U, as adjusted pursuant to Attachment C, Section II, F.
- [3] Interest Expense is Per Books for Column A, Weighted Cost of Debt (COD) Rate as derived from COD elements reflected in Attachment B-5 x Rate Base per Attachment B-2, Column C.
- [4] View all adjustments, including descriptions, in a supporting schedule.
- [5] Computation of Income Tax includes both current and deferred income taxes



## Attachment B-5

**Oklahoma Gas & Electric  
 Formula Rate Plan  
 Benchmark Rate of Return on Rate Base  
 For the Evaluation Period Ending March 31, 2020**

(A)	(B)	(C)	(D)	(E)	(F)
		Capital Amount (\$)	Capital Ratio (%)	Cost Rate (%)	Benchmark Rate Of Return On Rate Base
Line No.	Description	[1]	[2]	[3]	Rate Base [4]
1	Long-Term Debt				
2	Preferred Stock				
3	Common Equity				
4	Accumulated Deferred Income Taxes				
5	Pre-1971 ADITC				
6	Post-1970 ADITC				
7	Customer Deposits				
8	Short-Term/Interim Debt				
9	Current Accrued, and Other Liabilities				
10	Capital Leases				
11	Other Capital Items				
<b>12</b>	<b>Total</b>				

**Notes:**

- [1] The capital balances for Long-Term Debt, Capital Leases, Preferred Equity, Common Equity and Other Capital shall be mid-year (September 30) balances adjusted to reflect any intercompany payables balances using any 13 month average, if applicable, consistent with Commission Order in Docket No. 16-052-U. Support for the 13 month average of the money pool calculations shall be provided. The total DTE for external capital, including the short-term debt percentage of 2.9%, shall be fixed at 50/50, consistent with Commission Order in Docket No. 16-052-U. Capital amounts shall include mid-year (September 30) balances for Post-1970 Investment Tax Credits, Customer Deposits, and Short-Term debt balances, beginning and ending year average for ADIT, and 13-month average balances for CAOL, if applicable. A September 30 balance sheet should be provided as well as a reconciliation between the balance sheet and Column (C) amounts. Support for the CAOL balances shall include the same format and detail as required by the Filing Requirements in Attachment D, Item No. 15.
- [2] Capital amounts each divided by the Total Capital Amount.
- [3] The cost rates shall be calculated in accordance with the calculation applied by the Commission in Docket No. 16-052-U. Support for the cost of Long-Term debt and cost of Preferred Stock shall be provided in the same format and level of detail required by the Filing Requirements, respectively. Support for the Short-Term debt cost rate and DOE Obligation cost rate, if applicable, should include a general description of how the interest rate is determined and the same level of detail provided in the Filing Requirements in Attachment D, Item No. 15. The cost rate for Customer Deposits shall be the Commission-approved rate in effect during the year. The cost rate for Common Equity shall be that approved by Commission Order in Docket No. 16-052-U.
- [4] The components in Column F are the corresponding Cost Rates multiplied by the associated Capital Ratio.

## Attachment B-6

**Oklahoma Gas & Electric**  
**Formula Rate Plan**  
**FRP Revenue Redetermination Formula**  
**For the Evaluation Period Ending March 31, 2020**

<b>SECTION 1</b>			
<b>BANDWIDTH DEVELOPMENT</b>			
Line No	DESCRIPTION	REFERENCE	
1	Earned Rate of Return on Common Equity ("ERR") [1]	B-1, Line 17	
2	Target Return Rate ("TRR") [2]	B-5, Line 3, Column E	9.50%
3	Upper Bandwidth Limit	Line 2 + 0.50%	10.00%
4	Lower Bandwidth Limit	Line 2 - 0.50%	9.00%
5	ROE Adjustment	If L1 < L4, then L2 - L1; If L1 > L3, then L2 - L1, but no adjustment if L1 ≥ L4 and L1 ≤ L3	
<b>SECTION 2</b>			
<b>ROE BANDWIDTH RATE ADJUSTMENT</b>			
Line No	DESCRIPTION	REFERENCE	
6	ROE Adjustment	Per Line 5	
7	Common Equity Capital Ratio	B-5, Line 3, Column D	
8	Retail Rate Base	B-1, Line 1	
9	Revenue Conversion Factor	B-1, Line 10	
10	Total Rate Change in FRP Revenue	Line 6 * Line 7 * Line 8 * Line 9	
<b>SECTION 3</b>			
<b>TOTAL BANDWIDTH RATE ADJUSTMENT</b>			
Line No	DESCRIPTION	REFERENCE	
11	(Reduction) / Increase in FRP Revenue	Line 10	
12	Adjusted Historical Year FRP Rider Revenue	Note [3]	
13	<b>Netting of Historical Year Differences Adj. [4]</b>	<b>Line 11 - Line 12</b>	

**Notes:**

- [1] The ERR is the Earned Rate of Return on Common Equity, calculated by dividing the weighted earned common equity rate by the common equity ratio percentage.
- [2] The TRR is the Company's cost rate for common equity as established by the Commission in Docket No. 16-052-U.
- [3] Incremental Evaluation Period FRP Rider revenue is the total FRP Rider revenue received in the Evaluation Period not including any previous year FRP Rider revenue..
- [4] Netting shall not begin until there is an actual twelve (12) months of Historical Year to report.

## Attachment C

### Oklahoma Gas & Electric FORMULA RATE PLAN ADJUSTMENTS

The amounts reflected in Attachment D shall be adjusted to reflect the following:

#### I. General

- A) The rate base, revenue and expense effects associated with riders which recover specific costs or other rate mechanisms the utility may have in effect shall not be included in the Formula Rate Plan Historical Year period.
- B) The Historical Year balance sheet shall be the source for rate base and capital for the Evaluation Period used in Attachment D. The Historical Year income statement shall be the source for revenue and expense amounts used in Attachment D.
- C) The Evaluation Period shall be adjusted to remove rider revenue and expenses, remove amounts, or otherwise make adjustments, consistent with the most recent general rate case, and other adjustments as described in Attachment C.
- D) Rate base amounts for the Evaluation Period shall exclude construction work in progress (CWIP), Non-Utility Plant, and Plant Held for Future Use. Plant and Accumulated Depreciation amounts for the Evaluation Period shall be adjusted to remove Asset Retirement Obligations.
- E) No adjustments shall be made in the Evaluation Period to annualize any expense.
- F) During the term of the FRP, the Lost Contribution to Fixed Costs portion of the utility's Energy Efficiency Rider shall be set to zero.
- G) Depreciation Expenses and Accumulated Depreciation shall reflect Commission-approved rates. No changes in depreciation rates shall be made in the annual FRP filing. During an annual FRP filing, a utility may request an interim rate for plant added which has no approved depreciation rate, excluding major plant acquisitions. OG&E shall request depreciation rates for major plant acquisitions within the docket requesting approval for the purchase of the plant.
- H) Revenue and cost effects that were imputed in the general rate case shall be similarly imputed in the annual FRP filing.
- I) OG&E shall not record a regulatory asset or a regulatory liability representing the amount by which an FRP increase or decrease absent the operation of the 4 percent cap exceeds the actual FRP increase or decrease that is implemented pursuant to the operation of this tariff.

#### II. Cost of Service Categories

##### A. Revenues

- 1. For the Filing Year, total revenue used on Attachment A-2 shall be based on OG&E's projected annualized billing determinants and rates which will be in effect at year-end. Because year-end data will not be available at the time of the filing, revenue projections for the Filing Year shall be updated based on actual data during the Rider FRP procedural schedule.
- 2. For the Projected Year, base rate revenue used on Attachment A-2 shall be based on OG&E's projected annualized billing determinants and rates which will be in effect at year-end. Adjustments

for customer growth and thirty-year weather normalized average usage and average demands established from Docket No.16-052-U.

3. The Evaluation Period shall reflect actual Historical Year revenues. No adjustments for growth or weather shall be included.
4. Revenues associated with special rate contracts shall be treated consistent with the terms of the contract.

**B. Rate Base**

1. For the Evaluation Period, plant shall reflect the ending year balances.
2. For the Evaluation Period, working capital assets (WCA) shall reflect a 13-month average.

**C. Expenses**

1. The Evaluation Period shall reflect actual expenses, adjusted as described in Attachment C.

**D. Income Tax Expense**

All state and federal income tax effects including 1) adjustments to taxable income, 2) adjustments to current taxes, and 3) provisions for deferred income tax (debit and credit) shall be adjusted or eliminated, as appropriate, to comport with the following principles:

1. All Evaluation Period interest expenses shall be eliminated and replaced with an imputed interest expense amount equal to the rate base multiplied by the weighted embedded cost of debt;
2. Effects associated with other adjustments shall be similarly and consistently adjusted;
3. The Evaluation Period shall reflect the corporate state and federal income tax laws legally in effect at year-end;
4. For the Evaluation Period, tax effects normally excluded for ratemaking purposes shall be eliminated.

**E. Benchmark Rate of Return on Rate Base**

For the Evaluation Period, the following adjustments shall be made:

1. Current, accrued, and other liabilities (CAOL) shall be based on the Historical Year 13-month averages, as adjusted, and include all accounts consistent with those ordered by the Commission in Docket No. 16-052-U;
2. Accumulated Deferred Income Taxes (ADIT) shall be based on the beginning and ending year average and include all accounts consistent with those ordered by the Commission in Docket No. 16-052-U;
3. The capital balances for Long-Term Debt, Capital Leases, Preferred Equity, Common Equity, DOE Obligation and Other Capital shall be mid-year (September 30) balances adjusted to reflect intercompany payables balances using any 13 month average, if applicable, consistent with those ordered by the Commission in Docket No. 16-052-U;
4. The debt-to-equity (DTE) ratio for external capital, including the short-term debt percentage of 2.9%, shall be fixed at 50/50.
5. The return on equity shall be the value determined in Docket No. 16-052-U.

**F. Load Data**

1. For the Evaluation Period, load data shall reflect actual Historical Year load. There will be no adjustments for customer growth or weather normalization. The load data for any load management tariff customers will be actual load.

### **III. Other Adjustments**

#### **A. Reclassifications**

1. For the Evaluation Period, revenues included in Other Electric Revenue shall be reclassified to the appropriate jurisdictional rate schedule revenue category.
2. For the Evaluation Period, costs not allowable for ratemaking purposes shall be excluded as specified in Section I, or removed by adjustment. Likewise, costs that are allowed, but recorded below the utility operating income line, shall be included in the annual FRP filing cost data through appropriate reclassification adjustments.

#### **B. Out-of-Period Items**

Expenses and revenues that are related to transactions occurring prior to the Evaluation Period but are recorded in the Evaluation Period shall be eliminated, including any associated tax adjustments.

#### **C. Other**

Nothing in this Attachment shall preclude OG&E or any party from proposing additional adjustment(s) beyond those described above.

## Attachment D

### OKLAHOMA GAS & ELECTRIC FORMULA RATE PLAN FILING REQUIREMENTS

Item No.	Filing Requirements
1	OG&E shall file all FRP Attachments supporting the Historical Year.
The following information shall be provided to the Parties:	
2	Comparative Balance Sheet for the Historical Year, and as of March 31 for the four (4) years preceding the Historical Year. Reconcile to the Trial Balances and the Attachment B Schedules that it supports, and reconcile to the FERC Form 1 and FERC Form 3-Q, as applicable.
3	Operating statement of revenues and expenses for the Historical Year, and for twelve months ending March 31 for the four (4) years preceding the Historical Year. Reconcile to the Trial Balances and the Attachment B Schedules that it supports, and reconcile to the FERC Form 1 and FERC Form 3-Q, as applicable.
4	Trial Balance by detail general ledger subaccount number for the Historical Year and as of March 31 for the four (4) years preceding the Historical Year. Reconcile to the Balance Sheets and the Attachment B Schedules that it supports.
5	Monthly Trial Balances (FERC and Natural accounts) by detail general ledger subaccount number for the beginning of the Historical Year and each of the monthly balances for the Historical Year. Reconcile to the Balance Sheet, Income Statement, and the Attachment B Schedules that it supports. Also, provide the monthly Trial Balance information for the Filing Year to date.
6	Monthly balances for the "300" series plant accounts for the beginning of the Historical Year and at each month-end of the Historical Year (13 months). In additional columns, the accumulated depreciation balances, the removal of securitized amounts (plant and accumulated depreciation) and asset retirement obligations and any other adjustments by each "300" series plant amount for the beginning of and each month-end of the Historical Year (13 months). Reconcile to the utility plant accounts in the Trial Balance and the Attachment B Schedules it supports.
7	Monthly plant and accumulated depreciation balances by account and plant and unit, if applicable, for the Historical Year showing the additions and retirements and any adjustments. Provide the cost of removal and salvage amounts by plant account for the year. Reconcile all amounts to the monthly Trial Balances for the "300" series plant accounts.
8	Identify all construction projects or purchases that closed to plant during the Historical Year. Include the project number, project description, start date, completion date, date closed to plant, cost to complete, and plant accounts where it was closed. Provide the detailed costs, including the AFUDC calculation, included in the five (5) largest projects completed during the year.
9	Plant balances by subaccount and plant/unit, as applicable for the ten (10) calendar years preceding the Filing Year showing the additions and retirements. Include the 10-year average of each and explain any amount that deviates from the average by more than thirty percent (30%). Provide the cost of removal and salvage amounts by plant subaccount and plant/unit, as applicable for the same ten (10) years. Determine the 10-year average percentage of plant additions, by plant account, for retirements, and the 10-year average percentage of retirements by plant (accumulated depreciation) account for cost of removal and salvage.

10	Detailed chart of accounts, including subaccounts and detailed description (i.e. MFR E-9). List of Source Object Codes, including cost center, order, and work breakdown structure and a detailed description for each.
11	OG&E internal and external audit reports for the Historical Year and any proposed auditor's adjustments.
12	The most recently filed State and Federal Income Tax Returns for OG&E and OGE Energy Corp.
13	Web access for the period of time between filing and a final order in the formula rate review process to OG&E's database containing all general ledger accounting activity for the Historical Year and Filing Year to date.
14	Rules of Practice and Procedure, Appendix 8-1 Minimum Filing Requirements (MFR) Schedules, as modified to substitute the Historical Year for the test year, B-1, B-2, B-4, B-5, B-10, C-4, C-5, C-8, C-9, C-10, C-11, C-12, D-2, D-3, D-5, D-6.1, D-6.2, D-6.3, D-7, F-1, G-1, G-2, G-3 and G-4, including the supporting cost of service study (Jurisdictional Only). These schedules shall be used to support the adjustments described in Item 17 below. Note, C-5 shall be used to recalculate the revenue conversion factor. Note, D-2 and D-3 shall be modified to substitute the Historical Year as of September 30 for the test year.
15	Schedule of the expenses paid to each vendor for the Historical Year and Filing Year to date sorted by vendor name.
16	Web access for the period of time between filing and a final order in the formula rate review process to invoices for all vendors, regardless of originating company (OG&E and OGE Energy Corp.) included in Item 15.
17	Separate schedules of proposed adjustments to the actual financial statement amounts in determining the Adjusted Historical Year by general ledger subaccount for 1) rate base, 2) revenues and expenses (excluding current and deferred income taxes), 3) current and deferred income taxes, 4) CAOL, 5) ADIT and 6) other capital components. Within each schedule, the adjustments should be in separate columns, but grouped by 1) adjustments to remove rider revenue and expenses, 2) those consistent with adjustments ordered by the Commission in Docket No. 16-052-U (such as removal of disallowed expenses such as charitable contributions, or exclusion of temporary accounts from WCA), or 3) or other adjustments. The adjustments within each schedule (rate base, revenues and expense, income taxes, cost of capital components) shall directly support and reconcile to the appropriate Attachment B Schedules.
18	For the Historical Year, by rate class and rate schedule, provide a statement showing customer count, kWh, weather adjusted kWh, base rate revenues, and rider revenues.
19	Provide expense totals for the Historical Year and the four (4) years preceding the Historical Year by Source Object Code. Each year should include separate columns for expenses included in the determination of base rates and other riders (non-base rates) expenses. Reconcile to Trial Balance.
20	Schedule of total payroll and related costs supporting base rates (excluding riders) by FERC subaccount (expense and non-expense accounts) for the Historical Year and four (4) years preceding the Historical Year. The costs should be shown in separate groups of columns for each company (OG&E and OGE Energy Corp.). Within each company, for full-time employees only, include separate columns for: base pay, overtime, STI, LTI, other bonuses (identify each separately), and payroll taxes. Provide part-time pay and payroll taxes. Include a separate column for reductions for any payroll costs paid by other affiliates or other companies per loaned labor/mutual assistance programs.

21	Non-payroll balances supporting base rates (excluding riders) by FERC subaccount for the twelve (12) months ending March 31 for the Historical Year and four (4) years preceding the Historical Year. Either in a separate analysis or in separate columns, identify the expense amounts in each subaccount, by company (OG&E and OGE Energy Corp.). Identify and explain all significant changes in accounting procedures during the five (5) years. For any accounting reclassifications identified in the accounting changes, align and reconcile accounts that reflect accounting changes in order to consistently track the accounting change through the five-year period. Identify and explain changes between the twelve (12) months ending March 31 of the Historical Year costs and the five-year average by FERC Account for all variances greater than thirty percent (30%) and five hundred thousand dollars (\$500,000). The explanation and work papers shall include the specific underlying reason for the variance.
22	Provide an analysis of non-payroll, non-rider expenses and plant amounts using the historical data and results of Items 9 and 21. In addition to the averages developed in the other Items, determine a trended average, or average of annual changes, for each FERC subaccount balance for the five years of historical expense data and ten years of historical plant data, ending with the Historical Year (Plant in Service will be presented at the 300 FERC subaccount and plant/unit level). Summarize the results, showing a comparison of the Historical Year balances, averages, and trended averages, by FERC subaccount or plant subaccount and plant/unit, if applicable.
23	Affiliate transaction analysis of OG&E expense account and project code shown in separate columns for the following: a) amounts billed, segregated between direct and allocated, from each affiliated company with separate columns for each affiliate; b) amounts directly incurred by OG&E for its own operations; c) all other amounts in the account not corresponding to (a) or (b); and d) the sum of columns (a) through (c) which would equal the account's general ledger balance at the end of the Historical Year. Provide an explanation of all items in (c). Provide copies of all allocation manuals used in allocating common costs among and between the Company and its affiliates, and billing method tables for all affiliates which have direct-billed or allocated charges to OG&E.
24	The Company will provide a fully-functioning cost of service model as approved by the Commission in Docket 16-052-U and pursuant to Attachment C, Section II. F. The Cost of Service model should be able to replicate the Company's determination of the jurisdictional revenue requirement for the 1 Evaluation Period, containing links to the supporting accounting schedules which contains the level of detail (e.g., subaccounts or detailed plant information) commensurate with the detail required by the cost of service model.



## Attachment E

### FORMULA RATE PROTOCOLS Section I. General Provisions

#### 1. Applicability and Scope

- A. The following protocols shall apply to the annual Evaluation Report filings made pursuant to the Formula Rate Plan Rider Tariff (FRP) approved by the Commission in Docket No. 16-052-U.
- B. The Rules of Practice and Procedure (RPPs) shall apply to all annual Evaluation Report filings, except the following for which the Commission has granted an exemption by approving the FRP:
  - Rule 3.08;
  - Rule 4.02 (a)(2)(A);
  - Rule 4.02 (a)(3);
  - Rule 4.02 (a)(4);
  - Rule 4.03 (c);
  - Rule 4.04 (a)(2);
  - Rule 4.10 (a)(2) & (3); and
  - Rule 5.05(b), (c), & (d).
- C. Any proposed modification of the FRP Tariff, including these protocols, is outside the scope of an annual Evaluation Report filing and as such, no Party shall seek to modify the FRP Tariff, including these protocols, as part of any annual Evaluation Report filing. Proposed modifications to the FRP Tariff, including these protocols, shall be brought in a separate docket.
- D. The filing of an annual Evaluation Report is a Formal Application. The filings of an annual Evaluation Report are not to be construed as a General Rate Change Application, nor are adjustments to rates that result from the filings of an annual Evaluation Report to be construed as a general change in rates pursuant to any provision of the Arkansas Code that references a general change in rates.
- E. The Commission may grant an exemption from compliance with these Protocols if the exemption is found to be in the public interest and for good cause shown.

#### 2. Public Notice

- A. At least thirty (30) days prior to filing an annual Evaluation Report, OG&E shall give public notice of its intent to file.
- B. The notice shall indicate that it is from OG&E and shall include: the docket number, if known; the date on or about which the annual Evaluation Report is to be filed; the effective date of FRP rates; reference to the RPPs and these protocols for persons interested in intervening, making a limited appearance, or submitting public comments in writing or orally at the hearing; deadlines for intervention as provided herein; the name, address, phone number and email address of the Secretary of the Commission and the URL address of the Commission website; and that further information may be obtained by contacting the Secretary of the Commission or viewing the Commission's website.

- C. Public notice shall be given by any method including but not limited to: bill notation, direct mail, email exploder list, publication on OG&E's website, through social media, or publication in a newspaper of general circulation in OG&E's service area.
- D. An annual Evaluation Report filing shall include a declaration that these notice provisions have been complied with.

### 3. Intervention

- A. A Petition to Intervene shall be filed within ten (10) calendar days from the date the annual Evaluation Report is filed.
- B. Any Party desiring to file a Response to a Petition to Intervene shall file the Response within five (5) calendar days of the filing of the Petition. No additional responses or replies shall be permitted unless specifically authorized by the Commission.
- C. The Commission shall rule on the Petition to Interveners within seven (7) calendar days from the date the Petition is filed. If the Commission does not rule within that time frame, the Petition to Intervene shall be deemed denied.

### 4. Discovery

#### A. Time Within Which to Respond or Object

- 1. The Party upon whom discovery is sought shall serve a written response or objection within ten (10) calendar days after service of the discovery. Responses or objections to requests for admission shall be served within ten (10) calendar days of service of the requests. The Commission may prescribe a shorter or longer time. Any objections shall state the specific reasons for such objection.
- 2. If the response to the discovery request contains protected information for which no Protective Order has been issued, the responsive Party shall apply for a Protective Order as soon as reasonably practicable after receipt of the discovery request so as to avoid any delays in responding to discovery, and to the greatest extent practicable no later than five (5) calendar days after receipt of the discovery request. OG&E shall respond to the discovery request on the next business day after the Protective Order is issued or on the date the discovery response is due.

#### B. Discovery Initiation

Unless otherwise ordered, a Party may initiate discovery at any time after filing of an annual Evaluation Report so long as responses or objections and depositions shall be completed at least sixty (60) days before the date on which rates determined by the formula rate review mechanism will go into effect for each year or ten (10) days before a hearing on the merits, whichever is earlier.

#### C. Service and Format

- 1. Service shall be made by electronic mail, facsimile transmission, hand delivery, or overnight delivery service unless unusual circumstances otherwise justify delivery by another method and the Parties agree to the method chosen.
- 2. Attachments to documents shall be provided in native electronic format, with formulae and viable links intact.

3. Any discovery document served electronically or by facsimile after Commission Business Hours but before midnight or received on a non-business day shall be deemed served on Persons on the Official Service List with electronic mail on the next business day. Any discovery document served electronically or by facsimile between midnight and the beginning of Commission Business Hours on a business day shall be deemed served on Persons on the Official Service List on that business day. Any discovery document served by hand delivery or overnight delivery service shall be deemed served pursuant to Rule 3.07 of the RPPs.
4. Parties serving discovery requests shall clearly state the jurisdiction to which a particular data request pertains, if known. Parties shall state in their data request responses to which jurisdiction the response pertains. In light of Order No. 5 in APSC Docket No. 18-046-FR, OG&E will not object to the release under the terms of the Interim Protective Order (Order No. 1 of APSC 18-046-FR) of "specific customer information, or information that would allow the identification of a specific customer." OG&E will endeavor to obtain a thorough understanding of the nature of the inquiry before providing information requested and will timely and accurately provide the information needed for the parties to conduct their reviews.

D. Computation of Time for Performance or Response

In computing the time within which an act must be performed or a response made, the Day of the act from which the designated period of time begins to run shall not be included and the last Day shall be included unless it is a Saturday, Sunday, Legal Holiday, or other Day in which the Commission's office is closed, in which event the period shall extend to the next business Day. Service by mail or commercial delivery service is prohibited; therefore, no additional response time as contemplated by the RPPs is necessary.

5. **General Filing Matters**

- A. Beginning with the initial annual Evaluation Report filing after the FRP is approved by the Commission in Docket No. 16-052-U, a separate docket shall be established by the Secretary of the Commission for the annual Evaluation Report filings with an "FR" docket designation.
- B. The initial and all subsequent annual Evaluation Reports filed in the "FR" docket. OG&E shall submit the annual Evaluation Report with a Commission-approved tariff Docket Summary Cover Sheet. In addition to any other information required by the coversheet, OG&E shall reference Docket No. 16-052-U.
- C. The annual Evaluation Report shall provide a fully functioning Cost of Service model, approved by the Commission in Docket 16-052-U, that is linked to the appropriate accounting adjustment schedules (e.g., MFR B and C Schedules for Rate Base and Expense amounts, respectively) capable of replicating the Company's results, and that allocates all accounting adjustments to Arkansas. In addition, the required accounting schedules shall contain fully adjusted amounts at the same level of detail, e.g., subaccounts, as utilized in the Cost of Service model.
- D. Stipulations or Settlements
  1. Parties shall propose by written motion that the Commission adopt stipulations or settlements. Such motion shall be filed, along with supporting testimony, no later than seven (7) calendar days prior to the hearing scheduled in the annual Evaluation Report filing. If the seventh day falls on a weekend or state holiday such settlement agreement and supporting testimony shall be filed on the last business day prior to the seventh day. The motion shall set forth the factual, legal, policy, and other consideration which form the

basis for the Parties' recommendation that the stipulation or agreement be adopted, and shall be supported by written testimony.

2. A Party not joining a proposed stipulation or settlement may file a response no later than five (5) calendar days prior to the scheduled date of the hearing.
3. Such a response shall set forth the factual, legal, policy, and other consideration which form the basis for the Party's opposition to the proposed stipulation or settlement or portions thereof.

## **Section II. Filing Requirements**

### **1. Testimony and Exhibits**

- A. Testimony with or without Exhibits shall be filed simultaneously with the annual Evaluation Report and address, at a minimum:
  1. A description of the filed schedules and all of the adjustments proposed;
  2. A description of any significant cost drivers;
  3. A description of any changes in accounting policies, practices, and procedures if they affect inputs to the FRP or the rate redetermination to be made under the FRP; and
  4. A narrative explanation of the rate impact.

### **2. Workpapers and Supporting Documentation**

- A. The annual Evaluation Report and any revisions thereto shall include:
  1. Data-populated schedules including fully functioning EXCEL spreadsheet with all formulas and links intact, showing all calculations in the annual Evaluation Report;
  2. Sufficient information to enable the Parties to replicate the calculation of the formula results from the applicable schedules; and
  3. Documentation fully supporting all calculations and adjustments.
- B. Workpapers shall be provided to the Parties simultaneously with the filing of the annual Evaluation Report and any revisions thereto, and shall include:
  1. All supporting calculations and documents that explain the calculations in the annual Evaluation Report;
  2. Both references to and support from detailed source information; and
  3. A complete description of any statistical model used, the data used, and the results of the analysis if not addressed in testimony or exhibits.
- C. With respect to any change in accounting that affects inputs to the FRP or the resulting rate redetermination to be billed under the FRP, OG&E shall identify and provide narrative explanation

of the individual impact of such changes on rate redetermination to be billed under the FRP including:

1. The initial implementation of an accounting standard or policy;
  2. The initial implementation of accounting practices for unusual or unconventional items where the Commission has not provided specific accounting direction;
  3. Correction of errors and prior period adjustments that impact the FRP;
  4. The implementation of new estimation methods or policies that change prior estimates; and
  5. Changes to income tax elections.
- D. OG&E shall identify any reorganization or merger transaction and explain the effect of the accounting for such transaction(s) on the inputs to the FRP or the resulting rate determination to be billed under the FRP.

### **3. Waiver of Requirements**

OG&E may omit specific items of information from the annual Evaluation Report filing only with prior Commission approval.

### **4. Filing Deficiencies**

- A. The Arkansas Public Service Commission General Staff ("Staff") may review each annual Evaluation Report filing to ascertain whether it complies with the provisions of these Filing Requirements and the FRP, including the provisions of all of the Attachments thereto.
- B. If Staff determines that any deficiencies exist Staff shall file a notice detailing the deficiencies within seven (7) calendar days from the date the annual Evaluation Report is filed.
- C. OG&E shall correct the deficiencies, within seven (7) calendar days of filing of the notification of deficiency, or upon objection being filed by OG&E within that timeframe; the Commission may set a longer period as may be reasonable.
- D. Staff shall review corrections made by OG&E to determine compliance with all information required by the Filing Requirements and the FRP, including the provisions of all of the Attachments thereto.
- E. No more than three (3) business days from the filing of corrections, Staff may file a (1) statement of compliance or (2) a second notice of deficiencies, listing each requirement not met and a brief explanation in support.
- F. The Commission shall resolve any dispute as to deficiencies within seven (7) calendar days of the filing of the second notice of deficiencies by either accepting the corrections made by OG&E or by directing additional corrections to be filed by OG&E.

### **5. Dispute Procedures**

- A. Any Party filing with the Commission a statement of errors or objections to the Evaluation Report shall file Testimony with or without Exhibits simultaneously with the statement of errors or objections and the filing shall:
  1. Clearly identify and explain the error in or objection to the annual Evaluation Report;
  2. Make a good faith effort to quantify the financial impact of the error or objection;

3. State specifically any proposed changes to the annual Evaluation Report that the Party recommends; and
  4. Include all documents and workpapers that support the calculation of the error or the facts supporting the objection.
- B. OG&E shall file a corrected FRP rate or Rebuttal Testimony with or without Exhibits to the errors and objections raised by the Parties.