

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF)
OKLAHOMA GAS AND ELECTRIC COMPANY)
FOR AN ORDER OF THE COMMISSION)
AUTHORIZING APPLICANT TO MODIFY ITS)
RATES, CHARGES, AND TARIFFS FOR RETAIL)
ELECTRIC SERVICE IN OKLAHOMA)

CASE NO. PUD 2023-000087



RESPONSIVE TESTIMONY

OF

DAVID SCALF

APRIL 26, 2024

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
INTRODUCTION.....	3
PURPOSE.....	5
PUD’S REVIEW PROCESS.....	5
CUSTOMER GROWTH, ANNUALIZATION, AND LARGE NEW CUSTOMER REVENUES.....	6
AREAS REVIWED BY PUD.....	7
RECOMMENDATION	9

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2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
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19
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EXECUTIVE SUMMARY

On December 29, 2023, Oklahoma Gas and Electric Company (“OG&E” or “Company”) filed an Application for a modification of its rates, charges, and tariffs for electric utility service in Oklahoma. The Public Utility Division (“PUD”) of the Oklahoma Corporation Commission (“OCC”) reviewed the Application, workpapers and testimony filed by Company witnesses and prior Commission Orders. PUD issued data requests and reviewed the responses provided by OG&E as well as the responses to data requests issued by other parties in the case. Additionally, PUD conducted multiple onsite and virtual audit conferences with Company personnel discussing test year and post-test year adjustments. After review, PUD recommends that the Commission accept the following adjustment:

- PUD Adjustment H-7 to increase Customer Growth, Annualization, and Large New Customer related revenues by \$16,610,291 based upon the Company’s six-month post-test year update.

INTRODUCTION

Q: Please state your name and your business address.

A: My name is David Scalf. My business address is the Oklahoma Corporation Commission, Public Utility Division, Will Rogers Office Building, Suite 414, 2401 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105.

Q: What is your professional experience and educational background?

A: I received a Bachelor of Science degree with a major in Finance from Southwestern Oklahoma State University in Weatherford, Oklahoma. I am a Certified Public Accountant

1 with ten years of experience in public accounting from 1984 to 1994. I was employed by
2 the PUD from June 1994 to August 2003, leaving PUD as a CPA/Regulatory Audit
3 Manager. I worked at ONE Gas Inc./Oklahoma Natural Gas, from August 2003 to
4 December 2021 at which time I retired. At the time of my retirement, I was the Vice
5 President of Rates and Regulatory Reporting in charge of the regulatory strategy and filings
6 associated with ONE Gas Inc.'s regulatory operations in the states of Kansas (Kansas Gas
7 Service), Oklahoma (Oklahoma Natural Gas), and Texas (Texas Gas Service).

8 **Q: Have you previously testified before the Commission and were your qualifications**
9 **accepted?**

10 A: Yes. I have previously testified before the Commission and my qualifications were
11 accepted at that time.

12 **Q: Who employs you and what is your position?**

13 A: I am employed by the Oklahoma Corporation Commission's Public Utility Division as a
14 Programs Manager VI.

15 **Q: How long have you been so employed?**

16 A: Currently, I have been employed by the Commission since July 2022.

17 **Q: What are your duties and responsibilities with PUD?**

18 A: As a Programs Manager, I assist with case management and support a team of analysts as
19 we conduct research and review utility applications, reports, financial records and

1 workpapers to ensure that PUD makes accurate recommendations. My work focuses in the
2 areas of Cost of Service and Rate Design.

3 **PURPOSE**

4 **Q: What is the purpose of your Responsive Testimony regarding OG&E's Application for**
5 **a modification in its rates, charges, and tariffs in Case No. PUD 2023-000087?**

6 A: The purpose of my Responsive Testimony is to:

- 7 1) Explain PUD's review process;
- 8 2) Identify PUD's review of Customer Growth, Annualization and Large New Customers
9 and the associated recommendation; and
- 10 3) Introduce PUD's witnesses.

11 **PUD'S REVIEW PROCESS**

12 **Q: Please explain PUD's review process in this Case.**

13 A: PUD reviewed the Direct Testimony and associated workpapers filed by the Company
14 witnesses. PUD issued data requests and reviewed the responses, as well as the responses
15 to data requests issued by other parties to this Case. PUD conducted multiple on-site and
16 virtual audit conferences with the Company to discuss the areas under review in this
17 filing. During the on-site audit and virtual audit conferences, PUD analysts posed
18 questions to the Company and reviewed documentation requested both on an informal basis
19 and through data requests. Additionally, PUD reviewed Commission orders, prior
20 testimony and workpapers. Finally, PUD conducted subsequent virtual audit conferences
21 with OG&E personnel to discuss six-month post-test year adjustments.

1 **Q: Please identify the Company’s proposed post-test year adjustment.**

2 A: OG&E updated its projected Customer Related Growth revenues to \$29,310,429².
 3 Compared to the associated revenues as filed, this is an increase of \$16,610,291.

4 **Q: Does PUD have a recommendation regarding Customer Growth related revenues?**

5 A: Yes. PUD recommends Adjustment H-7 to increase revenues by \$16,610,291 based on the
 6 six-month post-test year update as discussed above.

7 **AREAS REVIEWED BY PUD**

8 **Q: Please discuss the areas reviewed by PUD and PUD’s consultants in this filing**

9 A: The table below lists the PUD analysts and PUD’s consultants and their assigned areas of
 10 review.

11 **PUD AREAS OF REVIEW**

Farzad Khalili & Catherine Nichols	Current Income and Accumulated Deferred Income Taxes Excess Deferred Income Taxes Ad Valorem Taxes Interest Synchronization Internal Auditor’s Reports Investment Tax Credits Federal and State Income Tax Computation Cash Working Capital Accumulated Cash Working Capital Unbilled Revenue Over/Under Amounts Tax Refund Provision PUD Revenue Requirement Exhibit
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² OG&E’s Supplemental Response to PUD Data Request 10-7.

Andrew Scribner	<p>Long Term Incentive Compensation Short Term Incentive Compensation OPEB Expenses Payroll Expense Payroll Distribution Prepaid Pension Expense Prepaid Retiree Medical Wage and Salary Surveys Payroll Taxes Director's Fees and Executive Salaries Director's/Executive Expense Vouchers Employee Benefits Executive Salary Surveys</p>
Trent Campbell	<p>Fuel Related O&M Expense Rider Removal – Moving to Base Rates</p>
McKlein Aguirre	<p>Legal Fees and Expenses Rate Case Expenses Franchise Fees Prepayments Marketing and Sales Expense SEC Form 10-K Advertising Expense Dues and Donations Legal Settlements Covid-19 Regulatory Asset Outside Services/Attorney Fees Credit Line Fee Expense Informational/ Instructional Expense Miscellaneous Sales Expense</p>
William Dunkel	<p>Depreciation Rates/Models and all Associated Issues</p>
Hannah Hubler	<p>EV Charging Stations Special Contracts Renewable Energy Credits Energy Efficiency Program Savings VPP Normalization Municipal Free Service and Discount Payments</p>
John Givens	<p>Generation Capital Additions Depreciation Expense Depreciation Expense</p>
David Scalf	<p>Customer Growth and Annualization Large New Customers Cost of Service Rate Design</p>

Cody Alsup	Materials and Supplies Bad Debt Expense Lease/Rent Expense Affiliate Transactions Insurance-Self Insurance Expense Insurance- Property and Casualty Injuries and Damages Expense Legislative Advocacy Annual Assessment Rider Miscellaneous Revenue CIAC/Customer Advances Customer Deposits Interest on Customer Deposits Refundable CIAC Weather Normalization Storm Recovery Rider Storm Expense
Paul Alvarez (The Wired Group)	SPP Transmission Cost Tariff Expense SPP Fees and Expenses SPP Revenues Transmission and Distribution Transmission Investment – 3 rd Parties Day-Ahead Pricing Production Maintenance Plant In Service Plant O&M Expense Repairs and Maintenance Expense Capitalized Maintenance Capital Work In Progress
Geoffrey Rush	Capital Structure Cost of Capital Long-Term Debt

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RECOMMENDATION

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Q: What is the Public Utility Division’s (“PUD”) recommendation to the Oklahoma Corporation Commission (“Commission”) in Case No, PUD 2023-000087?

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A: PUD recommends the Commission accept Adjustment H-7 to increase revenues by \$16,610,291 based on the Company’s six-month post-test year update.

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I state, under penalty of perjury under the laws of Oklahoma, that the foregoing is true and correct to the best of my knowledge and belief.

David Scalf

David Scalf

CERTIFICATE OF ELECTRONIC SERVICE

This is to certify that on the 26th day of April, 2024, a true and correct copy of the above and foregoing was electronically served via the Electronic Case Filing System to those on the Official Electronic Case Filing Service List, or via electronic mail to the following persons:

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