

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)

CAUSE NO. PUD 201700496

FILED
MAY 02 2018

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CORPORATION COMMISSION
OF OKLAHOMA



RESPONSIVE TESTIMONY OF

TONYA HINEX-FORD

MAY 2, 2018

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1 **INTRODUCTION**

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

3 A: My name is Tonya Hinex-Ford. My business address is Oklahoma Corporation
4 Commission, Public Utility Division, Jim Thorpe Office Building, Room 580, 2101
5 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105.

6 **Q: Have you previously testified before the Oklahoma Corporation Commission**
7 **(“OCC” or “Commission”) and were your qualifications accepted?**

8 A: Yes. I have previously testified before this Commission, and my credentials have been
9 accepted. See my *curriculum vitae*, attached as Exhibit THF-1.

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

11 A: I am employed by the Public Utility Division (“PUD”) of the Commission as a Public
12 Utility Coordinator.

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

14 A: I have been employed by the Commission since June 1995.

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

16 A: Since being employed by PUD, I have worked in the areas of telecommunications and
17 energy, including auditing and/or analysis of utility rate cases, the demand portfolios and
18 energy efficiency programs of both electric and gas utilities, wind energy, and the Smart
19 Grid. Also, I have coordinated rulemakings. This responsibility included *inter alia*: legal

1 research, drafting regulatory language, scheduling technical conferences, compiling
2 comments from the public and affected industry, reviewing the Notices of Proposed
3 Rulemaking and eventual Agency Report, and assuring the rationale for any proposed
4 rule change is compliant with the Oklahoma Administrative Code (“OAC”).
5 Additionally, on an as-needed basis, I have provided research information on special
6 assignments to the Commissioners and/or their aides.

7 PURPOSE

8 **Q: What is the purpose of this Responsive Testimony regarding the Application filed by**
9 **Oklahoma Gas and Electric Company (“OG&E” or “Company”) for an Order of**
10 **the Commission authorizing Applicant to modify its rates, charges, and tariffs for**
11 **retail electric service in Oklahoma as filed in Cause No. PUD 201700496?**

12 A: The purpose of this Responsive Testimony is to provide a recommendation in this Cause
13 for the areas assigned related to the Board of Directors Minutes, Internal Auditor’s
14 Report, Security Exchange Commission (“SEC”) Form 10-K, Annual Report, and
15 Revenue Not at Issue.

16 EXECUTIVE SUMMARY

17 On January 16, 2018, Oklahoma Gas & Electric Company (“OG&E” or “Company”)
18 filed its Application for an adjustment in its rates, charges, and tariffs for retail electric
19 service in Oklahoma. The Public Utility Division (“PUD”) reviewed the Application,
20 testimony of Company witnesses, and Company workpapers. PUD also interviewed
21 Company personnel regarding various areas of assignment and conducted onsite audits to

1 review confidential information at the Company's corporate office in Oklahoma City,
2 Oklahoma.

3 PUD reviewed the Board of Directors Minutes, Security Exchange Commission ("SEC")
4 Form 10-K, and the Annual Report to determine if there were major changes in contracts,
5 operations or projects, and any new financing, acquisitions, or other financial matters that
6 may have an impact on this rate case. PUD did not discover any items that would have
7 an impact on the current rate case that had not already been disclosed and/or addressed in
8 other publicly available documents, causes filed with the Commission, or addressed in
9 other areas in the current rate case. Therefore, PUD does not have a recommendation
10 concerning the areas reviewed.

11 PUD also selected and reviewed various items from the Internal Auditor's Report. One
12 item selected from a list provided on W/P G-14 concerned a payroll audit. PUD
13 requested and received a walkthrough of actual workpapers and test plans regarding the
14 payroll entry which was in error. OG&E corrected the error and put in place safeguards
15 to avoid the situation from occurring in the future. PUD was satisfied with the results of
16 the Internal Auditor's Report and does not have a recommendation.

17 In addition, PUD reviewed the proposed adjustment related to Revenue Not at Issue. The
18 purpose of this adjustment is to remove expenses and revenues included in riders to avoid
19 double recovery. PUD agrees with the adjustment made by OG&E for this item. PUD
20 believes the recommendation is fair, just, reasonable, and in the public interest.

1 **PUD'S REVIEW PROCESS**

2 **Q: Please describe PUD's review process in this Cause.**

3 A: PUD's role in its review of any company's application in a rate proceeding is to be as
4 objective as possible. PUD recognizes there are competing interests throughout the cause
5 and endeavors to weigh all issues objectively, realizing that there are often opposing
6 interests between the company and the ratepayers. PUD strives to make
7 recommendations that are fair, just, and reasonable, which should allow the Company to
8 provide safe and reliable service to the ratepayers at a reasonable rate.

9 In this Cause, PUD reviewed the Application, testimony of Company witnesses, prior
10 causes and workpapers, relevant statutes, and Commission rules. PUD also conducted
11 multiple onsite audits at the Company's corporate office in Oklahoma City, Oklahoma,
12 and interviewed Company personnel regarding various assigned areas.

13 **BOARD OF DIRECTORS MINUTES, SECURITY EXCHANGE COMMISSION**

14 **FORM 10-K, AND ANNUAL REPORT**

15 **Q: Please explain the purpose of the review of OG&E's Board of Directors Minutes,**
16 **Security Exchange Commission Form 10-K, and Annual Report.**

17 A: PUD reviewed the Board of Directors Minutes, Security Exchange Commission Form 10-
18 K, and Annual Report to determine if there were major changes in operation or projects,
19 any new financing, or other financial matters that may have an impact on the present rate
20 case. PUD also reviewed documents to determine if any would have an impact on this
21 rate case. In addition, PUD reviewed documents to determine if any tax related issues,

1 acquisitions, or other undisclosed regulatory related activities by OG&E during the test
2 year had an impact on the present rate case.

3 **Q: Did PUD discover any items that would have an impact on the current rate case?**

4 A: No, PUD did not discover any items that would have an impact on the current rate case
5 that had not already been addressed in other publicly available documents, causes filed
6 with the Commission, or addressed in other areas within the current rate case. Therefore,
7 PUD does not have a recommendation.

8 **INTERNAL AUDITOR'S REPORT**

9 **Q: What is the purpose of the review of the Internal Auditor's Report?**

10 A: In general, the Sarbanes-Oxley Act of 2002 ("SOX"), along with subsequent regulations
11 adopted in 2003 and 2004, affected the responsibilities of auditors, boards of directors,
12 and corporate managers with respect to financial reporting. OG&E's internal auditors
13 have been in place since around 2004. They have identified about 250 key controls as
14 part of their risk assessment process that affect the financial statements for various areas
15 such as payroll, Information Technology, revenue cycle, etc. The internal auditors at
16 OG&E conduct testing twice a year. In addition, the SEC requires officers of the
17 company to sign off on quarterly attestations stating that controls are being followed.

18 **Q: What item did PUD select for review from the Internal Auditor's Report?**

19 A: From a list provided on W/P G-14, PUD selected SOX Payroll/Benefits Processes as one
20 of the items for review. PUD interviewed OG&E personnel, reviewed the documentation

1 received, and requested a walkthrough/overview of actual workpapers and test plans
2 regarding the payroll entry which was self-reported by OG&E to be in error. OG&E
3 corrected the error and put in place safeguards to prevent the situation from occurring in
4 the future. PUD was satisfied with the results of the Internal Auditor's Report and does
5 not have a recommendation.

6 REVENUE NOT AT ISSUE

7 **Q: Please explain SCH H3 Adjustment Revenue Not at Issue.**

8 A: In Schedule H3, OG&E made Adjustment No.13, Revenue Not At Issue, to account for
9 FERC revenue and adjustments that were captured through other means with the purpose
10 of avoiding a double recovery. During an onsite audit, accounts were selected for review
11 and OG&E personnel explained why those account adjustments were made. For
12 example, one such adjustment was made in regards to the Southwest Power Pool Cost
13 Tracker. SPP revenues and fees were recovered through this rider and directly billed to
14 the customer. Therefore, OG&E ensures that those revenues are removed and that the
15 revenues are included as a part of the Revenue Not at Issue in which the cost recovery is
16 not sought in the current rate case.

17 **Q: Does PUD agree with the adjustment made by OG&E for the Revenue Not at Issue?**

18 A: Yes, PUD agrees with the adjustment made by OG&E to remove revenue to ensure that
19 double recovery does not occur.

RECOMMENDATION

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Q: What is PUD's recommendation to the Commission?

A: PUD reviewed the Board of Directors Minutes, Security Exchange Commission (“SEC”) Form 10-K, and the Annual Report. PUD did not discover any items that would have an impact on the current rate case that had not already been disclosed and/or addressed in other publicly available documents, causes filed with the Commission, or addressed in other areas in the current rate case; therefore, PUD does not have a recommendation concerning the areas reviewed. In addition, PUD reviewed the Internal Auditor’s Report and does have any recommendation.

PUD recommends the Commission accept OG&E’s proposed SCH H3 Adjustment Revenue Not at Issue to ensure that double recovery does not occur. PUD believes the recommendation is fair, just, reasonable, and in the public interest.

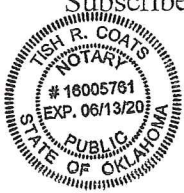
I state, under penalty of perjury under the laws of Oklahoma, that the foregoing is true and correct to the best of my knowledge and belief.



Tonya Hinex-Ford

State of Oklahoma
County of Oklahoma

Subscribed and sworn to before me this 2nd day of May 2018





NOTARY PUBLIC

(Seal, if any)

PUD Manager

Title

My Commission Number: 16005761

My Commission Expires: June 13, 2020

Oklahoma Gas and Electric Company – Cause No. PUD 201700496

LIST OF EXHIBITS

THF-1

Curriculum Vitae



Curriculum Vitae of Tonya Hinex-Ford

Jim Thorpe Office Building, Room 580, 2101 N. Lincoln Blvd, Oklahoma City,
OK 73105
(405) 521-4114, t.hinex-ford@occcemail.com

Work Experience

Oklahoma Corporation Commission – August 2013 - Present

Public Utility Division (“PUD”) Coordinator

- Coordinate reviews of utility rates, expenses, revenues, terms and conditions, and services as performed
- Prepare recommendations concerning utility rate causes and other utility environments, and enforcement of Commission rules and orders
- Provide expert testimony in support of PUD recommendations
- Coordinate the Energy and Telecommunications rulemakings
- Provide research on special assignments to the Commissioners and/or their aides

Special Projects: Oklahoma Administrative Code Rules, Smart Grid Analysis, Smart Grid Data Security Study, Energy Efficiency Analysis, Competitive Bidding, Audit Programs and Procedural Manual, Distributed Generation, Wind Farm Siting Inquiry

PUD Causes:

- Electric, Gas, and Water rate cases
- Alternative Forms of ratemaking
- Energy Efficiency/Demand Programs
- Telecommunication Causes

Oklahoma Corporation Commission – August 2005 - August 2013

Public Utility Regulatory Analyst IV, Energy and Water Group

Oklahoma Corporation Commission – July 2000 - August 2005

Public Utility Regulatory Analyst IV, Telecommunications Group

Oklahoma Corporation Commission – June 1995 - July 2000

Tariff and Cost of Service Analyst, Telecommunications Group

Rainey, Ross, Rice & Binns, Oklahoma City – October 1994 – May 1995

Research Analyst

Education

Juris Doctor, University of Oklahoma, **Norman, OK**

Bachelor of Arts, History, East Central University, **Ada, OK**

Bachelor of Arts, Government, East Central University, **Ada, OK**

Professional Training

Grid School

NARUC Rate School

Accounting Principles 101

CERTIFICATE OF SERVICE

I, the undersigned, do hereby certify that on the 2nd day of May, 2018, a true and correct copy of the above and foregoing was sent **electronically**, addressed to the following:

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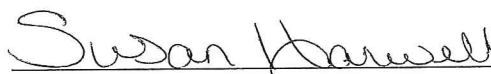
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