

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 07 2018

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CORPORATION COMMISSION
OF OKLAHOMA



SUMMARY TESTIMONY

OF

DAVID MELVIN

MAY 7, 2018

1 Mr. David Melvin is employed by the Public Utility Division ("PUD") of the Oklahoma
2 Corporation Commission ("Commission") as a Public Utility Regulatory Analyst. On
3 January 16, 2018 Oklahoma Gas and Electric Company ("OG&E" or "Company") filed
4 its Application for an order of the Commission authorizing applicant to modify its rates,
5 charges, and tariffs for retail electric service in Oklahoma. Mr. Melvin filed Responsive
6 Testimony on May 2, 2017. The purpose of his Responsive Testimony was to present
7 PUD's recommendations concerning Cause No. PUD 201700496.

8 Mr. Melvin's testimony focused on the following areas of the Application:

9 (1) *Depreciation Expenses, Accumulated Depreciation, and Adjustments*: including
10 Acquisition Adjustments, Adjustments for Accumulated Depreciation during the test year,
11 and Adjustments for Depreciation Differential.

12 (2) *Plant in Service and Adjustments*: Arkansas Allowance for Funds Used During
13 Construction ("AFUDC"), Adjustment to Plant in Service for Construction Work in
14 Progress ("CWIP") to six-month post test year, Reimbursable Projects, Holding Company
15 Assets, and Plant Held for Future Use ("PHFU").

16 (3) *Electric System Operation and Maintenance ("O&M") Expenses*: Non-Fuel O&M in
17 WP H-3, Summary of Operating Expenses..

18 Mr. Melvin testified that PUD reviewed OG&E's Application and Direct Testimony, prior
19 rate causes, relevant statutes, and Commission rules. PUD issued multiple data requests

1 and reviewed the responses. PUD also reviewed the data requests and responses issued
2 by intervenors. Additionally, PUD reviewed Company workpapers, general ledgers,
3 invoices, and other supporting documentation. PUD performed trend analyses on Plant in
4 Service, Plant Operation and Maintenance ("O&M") Expense, and Plant Depreciation.
5 PUD conducted multiple onsite audits at the Company's corporate office in Oklahoma
6 City, Oklahoma, and interviewed Company personnel regarding areas under review.
7 PUD attended tours at the Mustang Power Plant, McClain Power Plant, and Sooner Power
8 Plant. PUD also toured substation, transmission, and distribution projects in progress.

9 Mr. Melvin testified that after PUD's review, PUD recommends the Commission accept
10 the Company's Adjustments included in the Application for the following areas:
11 Acquisition Adjustments, Accumulated Depreciation, Depreciation Differential, Arkansas
12 AFUDC, Reimbursable Projects, Holding Company Assets, PHFU, and Non-Fuel O&M.
13 PUD recommends two adjustments to Rate Base for six-month post test year updates: (1)
14 PUD recommends Adjustment B-6 to reflect six-month post test year activity which
15 increases the pro forma Total Utility Plant in Service included in Schedule B-2 of the
16 Application by \$6,896,920 for Construction Work in Progress projects completed by
17 March 31, 2018; (2) PUD recommends PUD Adjustment B-12 to decrease rate base by
18 \$11,419,714 for Accumulated Depreciation for the six-month post test year period.
19 These amounts were included in the updated schedules provided by OG&E in responses
20 to Data Request AG 12-3 on April 17, 2018. PUD also recommends PUD Adjustment H-
21 12 which decreases Revenue Requirements by \$3,368,275 for Depreciation Expense in

1 accordance with six-month post test year updates provided by OG&E in response to Data
2 Request AG 12-3.

3 Finally, Mr. Melvin testified that PUD believes these recommendations are fair, just,
4 reasonable, and in the public interest.

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:

Katy Boren
Jared Haines
Victoria Korrekt
A. Chase Snodgrass
Jennifer Lewis
Office of Attorney General
313 NE 21st Street
Oklahoma City, OK 73105
katy.boren@oag.ok.gov
jared.haines@oag.ok.gov
victoria.korrekt@oag.ok.gov
chase.snodgrass@oag.ok.gov
jennifer.lewis@oag.ok.gov

Bill Bullard
Williams, Box, Foshee & Bullard, PC
522 Colcord Dr.
Oklahoma City, OK 73102
bullard@wbfbllaw.com

Kimber Shoop
Crooks, Stanford & Shoop, PLLC
171 Stone Bridge Blvd
Edmond, OK 73010
ks@crooksstanford.com

J. Eric Turner
DERRYBERRY & NAIFEH, LLP
4800 North Lincoln Blvd.
Oklahoma City, OK 73105
eturner@derryberryllaw.com

Cheryl A. Vaught
Vaught & Conner, PLLC
1900 NW Expressway, Suite 1300
Oklahoma City, OK 73118
cvaught@vcokc.com

William Humes
John D. Rhea
Dominic Williams
OG&E
Post Office Box 321
Oklahoma City, OK 73101-0321
humeswl@oge.com
rheajd@oge.com
williardo@oge.com

Curtis M. Long
Conner & Winters, LLP
4000 Williams Center
Tulsa, OK 74172
Clong@cwllaw.com

Jack G. "Chip" Clark, Jr.
Clark Wood & Patten PC
3545 N. W. 58th Street Suite 400
Oklahoma City, OK 73112
cclark@cswp-law.com

Thomas P. Schroedter
Hall Estill Hardwick Gable Golden & Nelson, PC
320 S. Boston
Suite 400
Tulsa, OK 74103
tschroedter@hallestill.com

Jon Laasch
Jacobson & Laasch
212 East Second Street
Edmond, OK 73034
jonlaasch@yahoo.com

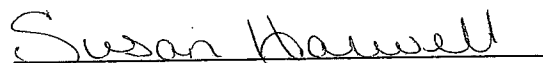
Rick D. Chamberlain
Behrens, Taylor, Wheeler & Chamberlain
Six Northeast 63rd, Suite 400
Oklahoma City, OK 73105
rchamberlain@okenenergylaw.com

Ronald E. Stakem
Cheek & Falcone, PLLC
6301 Waterford Blvd., Suite 320
Oklahoma City, OK 73118
rstakem@cheekfalcone.com

Deborah Thompson
OK Energy Firm, PLLC
PO Box 54632
Oklahoma City, OK 73154
dthompson@okenenergyfirm.com

Andrew Unsicker
Lanny Zieman
Matthew Zellner
AFLOA/JACE-USFSC
139 Barnes Drive, Suite 1
Tyndall Air Force Base, FL 32403
Andrew.unsicker@us.af.mil
Lanny.zieman.1@us.af.mil
Matthew.zellner@us.af.mil

Jim Roth
Marc Edwards
C. Eric Davis
Phillips Murrah, P.C.
Corporate Tower, 13th Floor
101 N. Robinson
Oklahoma City, OK 73102
Jaroth@phillipsmurrah.com
medwards@phillipsmurrah.com
cedavis@phillipsmurrah.com



TISH COATS, Manager
BARBARA COLBERT, Administrative Assistant
SUSAN HARWELL, Regulatory Analyst
KELI WEBB, Administrative Assistant
OKLAHOMA CORPORATION COMMISSION