

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

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|--------------------------------|---|--------------------------|
| APPLICATION OF PUBLIC SERVICE |) | |
| COMPANY OF OKLAHOMA, AN |) | |
| OKLAHOMA CORPORATION, FOR |) | |
| AN ADJUSTMENT IN ITS RATES AND |) | |
| CHARGES AND THE ELECTRIC |) | CASE NO. PUD 2022-000093 |
| SERVICE RULES, REGULATIONS AND |) | |
| CONDITIONS OF SERVICE FOR |) | |
| ELECTRIC SERVICE IN THE STATE |) | |
| OF OKLAHOMA AND TO APPROVE A |) | |
| FORMULA BASE RATE |) | |
| PROPOSAL |) | |

**OKLAHOMA ATTORNEY GENERAL’S MOTION TO MODIFY
ORDER NO. 738226 AND HOLD RESIDENTIAL CUSTOMERS HARMLESS**

Gentner F. Drummond, Attorney General of Oklahoma, on behalf of the utility customers of this state, hereby submits his Motion to Modify Order No. 738226 in the above-styled Cause.

INTRODUCTION

This Case comes before the Oklahoma Corporation Commission (the “Commission”) on the above styled and numbered Application of Public Service Company of Oklahoma (“PSO” or “Company”) filed on November 22, 2022. PSO’s Application after six-month post-test year updates requested a base rate increase in the amount of \$294.5 million or over \$14 per month for the average residential customer. On May 5, 2023, a Joint Stipulation and Settlement Agreement (“Settlement Agreement”) was executed between the Office of the Attorney General (“Attorney General”), AARP, the Public Utility Division Staff of the Oklahoma Corporation Commission (“PUD”), and PSO (collectively the “Stipulating Parties”).

The Settlement Agreement reduced the average residential impact from over \$14 increase per month to \$3.57. The Settlement Agreement also contained a number of valuable concessions for customers including a cap on the average residential bill impact, a reduction to the residential base charge by \$3 per month, changes to antiquated transmission allocations which currently harm residential customers and subsidize other classes, and changes to the cost allocations of wind generation assets which currently harm residential customers and subsidize other classes.

A hearing was held on the Settlement Agreement on May 22, 23, and 24, 2023, before the Administrative Law Judge (“ALJ”), after which the ALJ issued her Report and Recommendation of the ALJ (“Report and Recommendation”) on July 14, 2023, and an

Amended Report and Recommendation on July 17, 2023. The Attorney General, AARP, PUD, and PSO filed Exceptions to the Report and Recommendations of the ALJ both separately and some jointly. A number of arguments were raised in Exceptions by various parties, including that the ALJ's recommendations were contrary to Commission precedent, promotes bad regulatory policy, are contrary to law and prior Commission decisions, and would deny the Stipulating Parties due process of law. On August 15, 2023, oral arguments were presented to the Commission.

The Commission issued Order No. 738226 on November 3, 2023. The Attorney General, pursuant to OAC 165:5-17-1, has filed this Motion to Modify Order No. 738226.

THE STIPULATING PARTIES

The Attorney General is charged by statute to represent and protect the collective interests of utility customers of this state in "rate-related proceedings before the Corporation Commission or in any other state or federal judicial or administrative proceeding." 74 O.S. 18b (20).

The PUD, a division of the Commission, has a long history of reviewing the rates of regulated utilities in rate-making proceedings and making recommendations as to rates that will be fair, just, and reasonable for utility consumers.

AARP is an organization that provides various services, including intervening in utility rate-making proceedings, to represent AARP members who are residential customers. AARP has approximately 400,000 members residing in Oklahoma, representing all segments of the socio-economic scale.

PSO is an electric utility serving over 570,000 Oklahoma customers in over 230 communities across the state.

PROVISIONS OF ORDER NO. 738226 SOUGHT TO BE MODIFIED

The Attorney General requests that the Commission modify Order No. 738226 ("Order") to adopt the 2.5% residential rate cap as negotiated by the Attorney General, AARP, PUD, and PSO.

Residential customers should be held harmless from the Commission's modifications of the Settlement Agreement and the residential bill impact should be capped at 2.5%, as negotiated by the Stipulating Parties.

THE ATTORNEY GENERAL MOVES THE COMMISSION TO MODIFY ITS FINAL ORDER TO CAP THE RESIDENTIAL IMPACT AS ORIGINALLY NEGOTIATED BY THE ATTORNEY GENERAL, AARP, THE COMMISSION'S PUD, AND PSO.

As part of the Settlement Agreement, the Stipulating Parties negotiated a number of provisions that would critically benefit customers, including (1) a cap on the residential bill impact, limiting the residential customer increase to no more than 2.5% (down from the request of 11.90%); (2) a \$3 reduction of the monthly residential base charge; (3) a change to transmission cost allocation from 4 CP to 12 CP, which would properly eliminate a subsidy residential customers pay to other customer classes; and (4) a change to the cost allocation of wind generation assets that would eliminate a subsidy residential customers pay to other classes and properly align the costs and benefits of those assets.

Regrettably, when the Commission issued its Order in this case, it did not approve the entire Settlement Agreement and thus customers will not receive the benefit of all the above negotiated provisions. Specifically, the Commission stripped the provisions giving residential customers the benefit of a transmission cost allocation change and the negotiated cap on the residential bill impact.

The Commission's Order in this case would increase the monthly total bill impact on residential customers from \$3.57 to \$5.35 or an extra \$21.36 annually when compared to the Settlement Agreement. The Commission's Order ultimately diminishes the benefits residential customers are expected to receive from reduced fuel charges effective January 2024.

Particularly in light of the Commission's removal of the negotiated provision to change transmission allocations that would eliminate an evidenced harm to residential customers, the Attorney General moves the Commission to modify its Order in this case to hold residential customers harmless from the Commission's modifications to the Settlement Agreement.

The Commission should honor the residential rate cap of 2.5% and reduce the impact to residential customers. Doing so will reduce the average residential impact from \$5.35 to \$3.57 per month and hold residential customers harmless from the Commission's modifications of the Settlement Agreement.

Respectfully submitted,

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CERTIFICATE OF SERVICE

On this 13th day of November 2023, a true and correct copy of the above and foregoing *Attorney General's Motion to Modify to Modify Order No. 738226 and Hold Residential Customers Harmless* was sent via electronic mail to the following interested parties:

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