

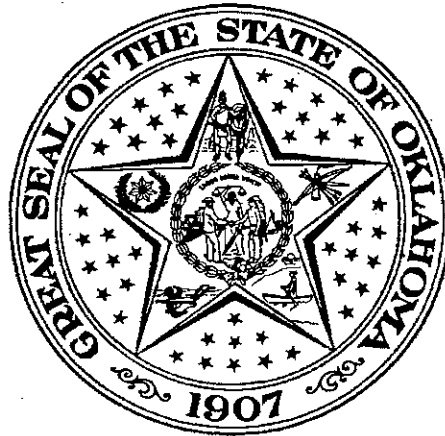
BEFORE THE CORPORATION COMMISSION OF OKLAHOMA

IN THE MATTER OF 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 201100087

FILED
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CORPORATION COMMISSION
OF OKLAHOMA



PRE-FILED RESPONSIVE TESTIMONY

OF

KAREN FORBES, MBA

November 9, 2011

BEFORE THE CORPORATION COMMISSION OF
OKLAHOMA
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INTRODUCTION

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

2 A: My name is Karen Forbes. My business address is the Oklahoma Corporation
3 Commission, Public Utility Division, Jim Thorpe Office Building, Room 580, 2101
4 North Lincoln Boulevard, Oklahoma City, Oklahoma, 73105.

5 **Q: What is your occupation and by whom are you employed?**

6 A: I am employed by the Public Utility Division ("PUD") of the Oklahoma Corporation
7 Commission ("OCC" or "Commission") as a Public Utility Regulatory Analyst IV in
8 the Energy Division.

9 **Q: Please state briefly your educational background and professional
10 experience.**

11 A: I have a bachelor of science degree in business administration and a master of
12 business administration degree from Oklahoma City University. I have been
13 employed as a regulatory analyst with PUD since February of 1998. See the
14 attached *curriculum vitae* for a complete listing of my professional credentials.

15 **Q: What are your present duties?**

16 A: My present responsibilities include research, analysis, preparing testimony and
17 recommendations in energy-related matters associated with electric and gas
18 utilities, reviewing various areas of utility operations and ratemaking issues.

1 **Q: Have you previously testified before this Commission and were your**
2 **qualifications accepted?**

3 A: Yes, I have testified before the Commission, and my qualifications have been
4 accepted.

PURPOSE

5 **Q: What is the purpose of your testimony in Cause No. PUD 201100087?**

6 A: The purpose of my testimony is to discuss and support PUD's recommendations
7 regarding Oklahoma Gas and Electric Company ("OG&E" or "Company") and the
8 expense and revenue adjustments in its rates and charges for electric service in
9 Oklahoma. I will discuss and support OG&E's adjustments to expenses for the
10 following areas: advertising, informational/instructional/miscellaneous and sales,
11 demand-side management ("DSM") rider and expense, ice storm amortization,
12 system hardening, vegetation management, wind power, transmission poles
13 maintenance program and Oklahoma pricing education. I will also discuss and
14 support OG&E's revenue adjustments to revenue for renewable energy credits
15 ("RECs") and demand program rider ("DPR") savings. In addition, I will discuss
16 and support the following rider modifications proposed by the Company. Those
17 riders are OU Spirit Rider (OUSR), Green Power Wind Rider (GPWR), Low
18 Income Assistance Program (LIAP), Military Base Credit Tariff (MBTC) and
19 Crossroads Rider (CR).

EXECUTIVE SUMMARY

1 Below is a listing of adjustments that I will sponsor for the Company's statement of net
2 operating income:

PUD Proposed Expense Adjustments

| OG&E Adjustment No. | Description | Total Company Amount | PUD Proposed Expense Adjustments |
|---------------------|---|----------------------|----------------------------------|
| H2-40 | Advertising | \$ 178,048 | H1 - Removed \$ 35,189 |
| H2-44 | Wind Power | \$ 750,000 | H3 - Removed \$ 77,759 |
| H-21 | Informational/Instructional/Miscellaneous/ Sales | \$ 356,564 | H4 - Removed \$ 356,564 |

3 After conducting a thorough review of OG&E's revenue and expense adjustments, PUD
4 proposes additional adjustments and recommends that the Commission accept OG&E's
5 expense and revenue adjustments in my areas of review as fair, just and reasonable in
6 establishing rates going forward. Thorough review of OG&E's proposals to rider
7 modifications in my area of review was also recommended as fair, just and reasonable.

REVIEW PROCESS

8 **Q: Please summarize your review process.**

9 A: PUD reviewed OG&E's application, the revenue and expense adjustments in my
10 areas of review and the Company's filed testimonies that addressed the revenue
11 and expenses for the areas covered in my testimony. PUD had discussions with
12 Company personnel, conducted an on-site audit, reviewed the general ledger and
13 data requests responses. PUD also reviewed the variances between the
14 Company's expense levels for December 31, 2010 and six months post test year
15 for certain areas to assess notable increases or decreases.

EXPENSE ADJUSTMENTS

INFORMATIONAL / INSTRUCTIONAL / MISCELLANEOUS / SALES

1 **Q: Please summarize PUD's review of the Company's informational /**
2 **instructional / miscellaneous / sales expense for WP H-21.**

3 **A:** PUD reviewed the Company's general ledger account, which traced and tied to the
4 expenses in FERC accounts 907 through 912, and 916. Based on the statutory
5 requirements and OCC rules, PUD allowed those activities that encouraged safe,
6 efficient and economical use of utility service, assistance to customers and
7 encouraged health and environment protection. All other expenses in FERC
8 accounts 911, 912, and 916 were incurred in sales activities and considered
9 promotional and were disallowed.

10 **Q: What is PUD's recommendation?**

11 **A:** PUD recommends the following adjustments to FERC accounts 911, 912, and 916
12 to disallow sales expenses incurred during the test year.

| | | |
|--------------------|----|----------------|
| FERC Account 911 - | \$ | 31,609 |
| FERC Account 912 - | \$ | 99,545 |
| FERC Account 916 - | \$ | <u>225,410</u> |
| PUD Adjustment H4 | \$ | 356,564 |

13 These expenses in FERC accounts 911, 912, and 916 were incurred in sales
14 activities and were considered promotional. The related labor for the FERC
15 accounts 911 and 912 is addressed in the review of payroll by PUD witness
16 Sharon Fisher. PUD recommends Adjustment No. H4 for a total of \$356,564 to

1 remove expenses and activities that involve demonstrating and selling that were
2 considered promotional.

DEMAND SIDE MANAGEMENT (DSM) RIDER

3 **Q: Please summarize PUD's review of the Company's Oklahoma jurisdictional**
4 **adjustment for DSM Rider for \$14,530,541.**

5 A: This adjustment removes OG&E's demand side management program costs from
6 OG&E's base rate revenue requirement. Costs that are recovered through a rider
7 should not also be recovered through base rates. Therefore, this adjustment is
8 necessary to remove the test year level of DSM expense to ensure that costs are
9 not double recovered through both the DSM rider and base rates at the same time.
10 The corresponding revenues were also removed from the test year.

11 **Q: What is PUD's recommendation?**

12 A: After conducting a review of 2010 DSM costs recovered through the rider and
13 removal of DSM revenue for the same period, PUD recommends and agrees with
14 the Company's adjustment H2-26 of \$14,530,541. Of this amount, \$13,367,854 is
15 applied to OG&E's Oklahoma jurisdiction.

STORM COST RECOVERY RIDER (SCRR)

16 **Q: Please discuss OG&E's request to extend its Storm Cost Recovery Rider**
17 **(SCRR) and PUD's recommendation.**

18 A: The SCRR is set to expire in August 2013. The Company is requesting an

1 extension of the SCRR through calendar year 2014 for costs incurred through
2 2013. OG&E's last rate case Cause No. PUD 200800398, Final Order 569281,
3 approved extending the rider so as to include costs incurred in the remainder of
4 2010 and 2011. Based upon PUD's assessment of the current tariff, and the
5 accounting of costs through the rider, PUD recommends extending the SCRR
6 through 2014, with the requirement that OG&E file testimony in the next rate
7 review regarding the rider. This extension is essential as storm recovery is one of
8 the most important factors, outside of normal maintenance, affecting a utility's
9 system outages. This rider mechanism protects the customers by recovering only
10 actual costs and avoiding over or under recovery of such costs.

ICE STORM AMORTIZATION

11 **Q: Please discuss the Company's ice storm amortization pro-forma adjustment**
12 **H2-29 for \$6,503,779.**

13 **A:** This adjustment is necessary to remove the 2010 amortization related to the
14 SCRR from test year transmission and distribution expenses. These costs are
15 recovered through the rider and should not be included in rates. The
16 corresponding revenue for this rider is also removed from the test year. This
17 adjustment is appropriate.

1 **Q: Please summarize PUD's review of the Company's storm cost amortization**
2 **expense for \$6,503,779.**

3 A: PUD reviewed FERC accounts 592, 593, 513, 553, 571, and 594 for the test year
4 amortization charged to transmission and distribution operating and maintenance
5 expense. The FERC accounts amounts tied to the test year general ledger cost
6 postings. PUD also verified that the associated revenues were taken out of the
7 test year. PUD accepts OG&E's Total Company removal for adjustment H2-29 for
8 \$6,503,779 as appropriate. Of this amount, \$6,228,737 is applied to OG&E's
9 Oklahoma jurisdiction. PUD does not propose an adjustment.

SYSTEM HARDENING EXPENSE

10 **Q: Please discuss OG&E's pro-forma adjustment shown on WP H2-34.**

11 A: OG&E's pro-forma adjustment H2-34 for \$11,682,186 removes 2010 maintenance
12 of overhead lines expenses and other operation and maintenance associated with
13 System Hardening that was recovered through the System Hardening Program
14 Rider (SHPR). These costs are recovered through the rider and should not be
15 included in rates. The corresponding revenue for this rider is also removed from
16 the test year. PUD does not propose an adjustment.

17 **Q: What is PUD's position regarding OG&E's request for extension for its**
18 **system hardening program and PUD's recommendation?**

19 A: OG&E is requesting that the system hardening program be extended an additional
20 eighteen months through December 31, 2013. The Company is proposing adding

1 to hardening an additional six circuits.

2 PUD assessed OG&E's system hardening expenditure results from 2009 through
3 2011. PUD determined that as a result of the initial review process, OG&E was
4 not able to complete the circuits that were projected for 2011. Therefore, PUD
5 recommends the Company's request for an (18) eighteen month extension to
6 include the following:

7 a) Capital costs of \$15 million to harden six additional circuits; and

8 b) Aggressive vegetation management for \$10.95 million; \$4.8 million for eight (8)
9 inch tree removal, \$1.25 million for large tree removal and \$1.25 million for
10 herbicide applications.

11 At the end of (18) eighteen months, these programs will be further evaluated.

ADVERTISING

12 **Q: Please summarize PUD's review of the Company's advertising expense.**

13 **A:** PUD reviewed the Company's matrix for FERC account 913 by campaign
14 description, account number, target audience, materials produced and purpose
15 and description of the campaign for the test year. OG&E excluded advertising
16 from operating expenses that did not meet any of the statutory requirements and
17 OCC rules. This resulted in OG&E's pro forma adjustment reducing advertising
18 expense by \$178,048. Of this amount, \$153,286 is applied to OG&E's Oklahoma
19 jurisdiction.

1 PUD made an adjustment to OG&E's Oklahoma jurisdictional amount of \$153,286
2 for advertising expenses that were considered promotional and were disallowed
3 from rates. All other advertising expenses were related to information, safety and
4 reliability and customer education and were allowed in rates. PUD's adjustment
5 No. H2 for \$35,189.00 from the Total Company Pro forma level of advertising
6 expenses included within the O&M expense will be disallowed.

VEGETATION MANAGEMENT

7 **Q: Please explain OG&E's treatment of Vegetation Management.**

8 **A:** For the test year OG&E incurred more expenses in 2010 than was budgeted. The
9 2010 actual costs less the 2011 budget resulted in a difference of \$365,090. As a
10 result, OG&E made pro forma adjustment H2-43 for \$365,090 to decrease
11 operating and maintenance expense for vegetation management. This adjustment
12 is necessary to remove from the cost of service the vegetation management costs
13 that were included in the 2011 budget expense. The Company's vegetation
14 management costs are directly assigned and recovered in base rates.

WIND POWER

15 **Q: Please summarize PUD's review of OG&E's pro-forma adjustment H2-44 for**
16 **\$750,000 for wind power expense.**

17 **A:** PUD reviewed the Company's general ledger account for the test year and six-
18 month post test year to evaluate expense levels and determined the expense
19 levels to be consistent. This adjustment is necessary to remove wind power

1 education expense from base rates that were recovered through the Green Power
2 Wind Rider (GWPR) rider during the test year. The GPWR was implemented as a
3 result of the Joint Stipulation and Settlement Agreement from Cause No. PUD
4 200100455 Order No. 470044 issued on November 22, 2002. The current tariff
5 allows \$750,000 annually to be spent on education, marketing and ancillary
6 expenses.

7 **Q: Does PUD accept OG&E's adjustment of \$750,000 to remove the wind power**
8 **expense for the test year?**

9 A: Yes. PUD reviewed the 2010 and six months post test year wind power expense
10 by FERC account and determined that \$827,659 were the total dollars spent
11 during the test year for wind power expense and that amount exceeded the
12 \$750,000 allowed to be recovered through the GWPR rider. Customers that
13 subscribe to the rider pay for related educational and advertising expenses. The
14 difference of \$77,659 is incorporated into the base rates. PUD believes non-
15 subscribers should not bear the additional costs. Therefore, PUD proposes
16 Adjustment H3 of \$77,659 to remove this cost from the base cost of service.

17 **Q: What is PUD's recommendation?**

18 A: After conducting an on-site audit and assessment of the 2010 and six months post
19 test year wind power expense FERC breakdown, and review of other 2010 wind
20 power related costs that were recovered through the rider, PUD recommends an

1 adjustment of \$77,659 to FERC account 930.2 to remove 2010 additional wind
2 related educational and advertising expenses from the base cost of service.

TRANSMISSION POLES MAINTENANCE PROGRAM

3 **Q: Please summarize PUD's review of the OG&E's pro-forma adjustment H2-45**
4 **of \$290,618 for transmission pole maintenance program.**

5 A: OG&E implemented a study in 2010 to inspect steel transmission pole footings.
6 The result of the findings produced a ten (10) year program cycle to inspect
7 transmission poles and make any needed repairs. This adjustment reflects the
8 annual cost of inspection of steel transmission poles included in the base rates.
9 PUD reviewed the Company's general ledger account for the test year. The FERC
10 account 571 amounts also tied to the test year general ledger cost postings. PUD
11 then reviewed the inspection program for steel transmission and verified test year
12 expenses of \$117,355 were included in test year base rates. PUD does not
13 propose an adjustment.

OKLAHOMA PRICING EDUCATION

14 **Q: Please describe OG&E's pro-forma adjustment for H2-47 of \$3,018,568 for**
15 **Oklahoma pricing education.**

16 A: OG&E is requesting approximately \$3,018,568 for customer education regarding
17 pricing plans for 2012 and 2013 to implement its Oklahoma pricing education plan.
18 The purpose of this proposal is to educate Oklahoma customers regarding various
19 pricing plan options available and to have the added benefits of a price plan option.

1 that would best result in lowering their electric energy costs, save the customer
2 money and fit with their lifestyle. The pricing plan offers customers the option of
3 whether to keep their standard rate or switch to an alternative rate option. The
4 goal of OG&E's education plan is to ensure that customers are aware of the
5 choices available to them. The Oklahoma plan will focus on educating, enrolling,
6 engaging, and sustaining customers in various pricing options.

7 **Q: Which Company programs are included in the plan?**

8 A: The new funds will be dedicated to the following programs: Time of Use (TOU),
9 Variable Peak Pricing (VPP), Critical Peak Pricing (CPP), Load Reduction (LR),
10 Real Time Pricing (RTP), and Online Services (enrollment option).

11 **Q: Please provide descriptions of the Company's six (6) programs designated**
12 **for the pricing plan.**

13 A: 1) The TOU program allows customers to take advantage of pricing signals
14 during on-peak times (summer weekday afternoons, Monday through
15 Friday and June 1st through September 30th). This rate rewards customers
16 for reducing their usage during on-peak times. Thus, customers that can
17 shift their electricity demand are rewarded with lower bills, save more when
18 compared to the standard rate and have the potential to optimize their
19 savings benefit. The Company's goal is to retain current customers and
20 recruit new customers to the TOU program.

- 1 2) The VPP rates are available to all OG&E customers. The VPP program
2 offers a system wide peak demand reduction for customers for whom
3 OG&E has installed the applicable technology equipment Home Area
4 Network (HAN) to receive information about their energy use. This program
5 notifies customers of the price of electricity and empowers them to make
6 wise energy decisions concerning their electric bill.
- 7 3) The CPP is similar to the VPP. This program also offers a system wide
8 peak demand reduction for customers.
- 9 4) The (LR) program offers customers a discount for reducing their usage
10 option upon request. This pricing option offers customers a way to reduce
11 their energy costs by reducing load when requested. The program allows
12 customers to gain some control over their energy costs by receiving credits
13 in exchange for usage reductions. This program lends itself to
14 knowledgeable and skilled sales staff. Therefore, this program will require
15 additional customer outreach and education to increase the number of
16 customers who may take advantage of the program.
- 17 5) RTP program offers day ahead pricing to commercial and industrial
18 customers to shift demand to lower cost periods. Standard pricing is used if
19 demand reductions are not needed.
- 20 6) Online Services – this program offers an online option to customers who
21 prefer to conduct business electronically.

1 **Q: Please summarize PUD's review of OG&E's Oklahoma pricing education**
2 **expense and PUD's recommendation.**

3 A: PUD reviewed Company witness, Mr. Scott's, testimony related to this area,
4 reviewed binder information onsite, confidential data for pricing education, plan
5 budget detail, OG&E DR responses to AARP and Adjustment WP H-2-47 to
6 increase annual pricing education expenses. PUD reviewed the Oklahoma price
7 plan budget detail and budget assumptions and determined that the proposed
8 budget costs appeared appropriate as part of the outreach effort to implement the
9 plan. Included in these costs is a one-time \$500,000 in capital for development of
10 the on-line sign-up software. The budget plan assumptions include the following
11 initiatives: production costs, digital media buys, shared mail, direct mail/e-mail, bill
12 inserts, energy report, text messaging and e-mail campaigns, customer feedback,
13 commercial/industrial brochure, temporary contract labor expense, on-line signup,
14 project management, annual license and maintenance fee.

15 PUD recognizes that the outcome of the pricing education plan will depend on the
16 successful education, enrollment, engaging and sustaining customer selections of
17 the various price plans. Furthermore, PUD believes that implementing the
18 Company's pricing plan at this time would be beneficial in making the information
19 available to customers regarding the various program options that are available to
20 them. The effectiveness of the pricing plan will be reviewed at the time of OG&E's
21 next general rate review in 2013. PUD recommends implementing OG&E's
22 Oklahoma Pricing Plan at \$3.18 million for 2012 and 2013.

REVENUE ADJUSTMENTS

RENEWABLE ENERGY CREDITS (RECs) REVENUE

1 **Q: Please describe the Company's RECs.**

2 A: The Company acquires RECs through the wind facilities. One REC is generated
3 for each MW generated at each of the owned wind facilities and as part of the
4 purchased power agreements for the wind facilities owned by third parties.
5 Generation is based on metered data from the wind farm and is validated by
6 Power Supply.

7 **Q: Please describe the Company's accounting treatment for Renewable Energy**
8 **Credits (RECs).**

9 A: The Company records REC sales as either subscribed or unsubscribed. If
10 subscribed, sales are initially booked as electric sales revenue as these sales are
11 included on the customer's monthly bill. The REC sales are then reclassified to the
12 over/under recovery accounts and are jurisdictionalized and credited back to
13 customers. Any amounts allocated to OG&E are recorded to miscellaneous non-
14 operating income. Unsubscribed REC sales are recorded to the over/under
15 recovery accounts and are jurisdictionalized and credited back to customers, net of
16 any broker costs associated with the sale. Any amounts allocated to OG&E are
17 recorded to miscellaneous non operating income.

1 **Q: Please summarize PUD's review of the REC adjustment for the amount of**
2 **\$1,382,305.**

3 A: PUD reviewed the process by which the REC revenue was removed from the test
4 year. PUD also reviewed a test sample for October revenue, as that month
5 reflected the highest REC revenue recorded during the test year. PUD traced and
6 tied the journal entries to workpapers and verified that the total REC revenues
7 incurred during the test year were removed from the base cost of service. PUD
8 proposes no adjustment. For the test year, this results in a Total Company
9 revenue decrease of \$1,382,305. Of this amount, \$1,264,554 is applied to
10 OG&E's Oklahoma jurisdiction.

DEMAND PROGRAM RIDER (DPR) SAVINGS

11 **Q: Please summarize PUD's review of the Company's adjustment for DPR**
12 **program savings for Oklahoma jurisdictional amount for \$1,849,077.**

13 A: PUD reviewed and verified the Company's WP H2-11 pro forma adjustment of
14 \$1,849,077 which reflects the utility's lost revenue derived from energy and
15 demand reduction during the test year. This adjustment is appropriate because it
16 removes the revenues out of total revenues for the test year. PUD does not
17 propose an adjustment.

RIDER MODIFICATIONS

OU SPIRIT RIDER (OUSR)

1 **Q: Please discuss OG&E's proposal to terminate the OUSR and PUD's**
2 **recommendation.**

3 A: OG&E requests that the OUSR be terminated in this Cause and that the
4 associated costs be placed in base rates. The rider will be discontinued when
5 rates become effective. In addition, the treatment of revenues from the sale of
6 RECs as the result of the OUSR ending will be credited through the New
7 Renewable Energy Credit (NREC) component of the RTSA Rider instead of the
8 the OU Spirit REC Rider. PUD does not propose any objection to the REC
9 Rider treatment. Distribution of the REC proceeds through the NREC component
10 of the RTSA eliminates the need to establish a new OU Spirit REC Rider. OG&E
11 incorporated new language in its NREC tariff to match language for REC proceeds
12 received from the sales of RECs that would be distributed through the OU Spirit
13 REC Rider. PUD does not propose an objection.

GREEN POWER WIND RIDER (GPWR)

14 **Q: Please discuss OG&E's proposed changes to the GPWR, and PUD's**
15 **recommendation.**

16 A: The current GPWR includes tariff pricing for 2008 through 2010. OG&E is
17 currently applying the 2010 prices to sales in 2011. OG&E requests that the 2010
18 tariff price be extended. This tariff price is tied to the Sooner purchased power

1 adjustment (PPA) contract and that amount is locked into the contract. PUD does
2 not propose an objection.

LOW INCOME ASSISTANCE PROGRAM (LIAP)

3 **Q: Please discuss OG&E's proposed changes to the LIAP and PUD's**
4 **recommendation.**

5 A: The LIAP currently provides a discounted customer charge to all residential
6 customers that receive benefits from the Low Income Home Energy Assistance
7 Program (LIHEAP). OG&E is requesting that the restrictions be removed to allow
8 the discount to apply to all residential service tariffs rather than to only the
9 standard residential rate. This change will not impact the overall revenues as well
10 as allow the affected customers to continue to receive the discount regardless of
11 their selected rate plan. PUD does not propose any objection.

MILITARY BASE TARIFF CREDIT (MBTC)

12 **Q: Please discuss OG&E's proposed changes to the MBTC and PUD's**
13 **recommendation.**

14 A: The MBTC rider is based on an allocation factor applicable to each rate class
15 excluding special contracts. In this Cause, the rider has been updated to reflect
16 new billing factors under the test year sales. PUD proposes no objection.

CROSSROADS TARIFF

1 **Q: Please discuss OG&E's proposed changes to the Crossroads Tariff and**
2 **PUD's recommendation.**

3 **A:** The Crossroads Rider will reflect allocation factors resulting from this filing when
4 the wind farm becomes used and useful, (i.e. when all turbines are in place and
5 operational) which is anticipated in December 31, 2011. PUD proposes no
6 objection.

RECOMMENDATION

7 **Q: What is the total of OG&E's expense and revenue adjustments?**

8 **A:** OG&E's expense adjustments covered in my areas are summarized in the tables
9 below. PUD did not propose any revenue adjustments.

PUD Expense Adjustments

| OG&E Adjustmen t No. | Description | Total Company Amount | PUD Proposed Expense Adjustments |
|----------------------------|---|----------------------------|--|
| H2-40 | Advertising | \$ 178,048 | H1 - Removed \$ 35,189 |
| H2-44 | Wind Power | \$ 750,000 | H3 - Removed \$ 77,759 |
| H-21 | Informational/Instructional/Miscellaneous /Sales | \$ 356,564 | H4 - Removed \$ 356,564 |

10 **Q: Please summarize PUD's recommendation in reference to OG&E's expense**
11 **adjustments that I covered in my areas.**

12 **A:** After conducting a thorough review of OG&E's expenses and revenues covered in
13 my areas, PUD believes these expense and revenue adjustments are fair, just and
14 reasonable and recommends that the Commission accept the Company's expense
15 and revenue adjustments covered in my areas.

1 **Q: Please summarize PUD's recommendations for OG&E's Rider modifications**
2 **covered in my testimony.**

3 **A:** PUD proposes that the Commission approve the following recommendations:

- 4 a. Extend System Hardening program an additional eighteen months through
5 December 31, 2013 to include six additional circuits to harden at capital costs
6 of \$15 million; and aggressive vegetation management for \$10.95 million; \$4.8
7 million for eight (8) inch tree removal, \$1.25 million for large tree removal and
8 \$1.25 million for herbicide applications. These programs will be further
9 evaluated at the end of the (18) eighteen months;
- 10 b. Eliminate the OU Spirit Rider and place associate costs in base rates. When
11 rates become effective, the rider will be discontinued. The treatment of
12 revenues from the sale of RECs as the result of the OUSR ending will be
13 credited through the New Renewable Energy Credit (NREC) component of the
14 RTSA Rider instead of the OU Spirit REC Rider.
- 15 c. Extend the Green Power Wind Rider (GPWR) 2010 tariff price going forward.
16 The tariff price is tied to the Sooner purchased power adjustment (PPA)
17 contract and that amount is locked into the contract.
- 18 d. Remove restrictions of the Low Income Assistance Program (LIAP) to allow the
19 discount to apply to all residential service tariffs rather than to only the standard
20 residential rate.
- 21 e. Accept changes to the Crossroads Rider (CR). The rider will reflect allocation
22 factors resulting from this filing when the wind farm becomes used and useful,
23 which is anticipated in December 31, 2011.



Curriculum Vitae Of Karen Forbes

Ms. Forbes is a Public Utility Regulatory Analyst in the Energy and Water group of the Public Utility Division of the Oklahoma Corporation Commission with twelve years of experience in the areas of utility ratemaking, regulatory accounting, rulemaking, research and comparative analysis of public utility issues.

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Professional History
Oklahoma Corporation
Commission
• Regulatory Analyst
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Auditor III

Education
• B.S. business
administration, marketing
major; additional course
work in accounting and
some finance, College of
business administration,
Oklahoma City University;
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City University

**Professional
Associations**
• Member of NARUC
Subcommittee on (ERE)
Energy, Resources and
Environment
• Past licensed with the
National Association of
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Series 7.

Areas of Review

Vegetation Management/Undergrounding, Weather Normalization, Revenues, Renewable Energy, Electric System Planning Report and expert witness testimony.

Professional Experience

Public Utility Regulatory Analyst (Energy and Water)

- Analyst on OG&E Rate Case: PUD Cause No. 2010-87
- Analyst on Empire Rate Case: PUD Cause No. 2010-82
- Analyst for OG&E fuel audit: PUD Cause No. 2010-175
- Analyst for ONG EE: PUD Cause No. 2010-143
- Analyst for CenterPoint EE: PUD Cause No. 2010-148
- Served as Lead Analyst in the following causes: PUD Cause Nos. 2009-024, 2009-167, 2005-218, and 2005-515.
- Provided expert testimony as a support analyst on the following: Cause No. PUD 2009-110, 2008-398 and 2006-151.
- Lead on the publication of Electric System Planning Report (ESPR). Published biennially for 2002, 2004, 2006 and mid-year 2008.
- Provided assistance in research and comparative analysis of various group projects – DSM, Decoupling, and Rulemakings.
- Lead analyst and provided testimony in the following causes: for Lost and Unaccounted for Gas (LUG) for each of the following: Oklahoma Natural Gas (ONG), Oneok Gas Transportation (OGT) 2004, 2005 and LeAnn Gas Company 2005.
- Analyst on Wind Generation Causes filed as Qualifying Facilities (QF's) later becoming contract agreements: OG&E's Centennial and Invenegy, AEP- PSO and Blue Canyon Wind Causes and testimony.
- Assisted in drafting proposed language for Rulemaking for Affiliate/Financial Transactions related to utilities ensuring consistency between both gas and electric rules.
- Prepared recommendation for In-House Training Seminar for a comprehensive view of the existing and future forms and operations of regional electric power system.

PST Environmental Process Auditor

(Petroleum Storage Tank)

- Audited expenses associated with the remediation process for underground storage tanks to clean up various job sites and field investigations. Performed site visits with Indemnity Fund Hydrologists as directed. Provided investigative skills, attention to detail and very resourceful in developing solutions for problems that evolved.

Professional Training

- National Association of Regulatory Utility Commissioners (NARUC) Utility Rate School

- Institute of Public Utilities – Michigan State University Rate School
- North American Summit on Harmonizing Business Practices in Energy Restructuring (Cosponsored by NARUC and US DOE)
- National Economic Research Associates (NERA) - Marginal Cost Pricing In A Competitive World
- Risk Management Techniques for the Natural Gas Industry
- American Council for an Energy Efficient Economy's (ACEEE) national conference on energy efficiency and reliability
- Expert Witness Training Program
- Revolution OK – Wind Energy Conference, December 2008
- Revolution OK – Wind Energy Conference, December 2009
- AWEA - Wind Energy Conference, May 2010

CERTIFICATE OF ELECTRONIC SERVICE

I, the undersigned, do hereby certify that on the 9th day of November, 2011, a true and correct copy of the above and foregoing was sent electronically, addressed to the following:

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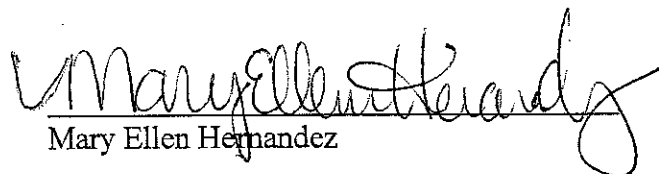
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