

BEFORE THE CORPORATION COMMISSION OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE)
COMPANY OF OKLAHOMA, AN)
OKLAHOMA CORPORATION, FOR AN)
ADJUSTMENT IN ITS RATES AND)
CHARGES AND THE ELECTRIC)
SERVICE RULES, REGULATIONS AND)
CONDITIONS OF SERVICE FOR)
ELECTRIC SERVICE IN THE STATE OF)
OKLAHOMA)

CAUSE NO. PUD 201500208

FILED
AUG 19 2016

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CORPORATION COMMISSION
OF OKLAHOMA

**OKLAHOMA INDUSTRIAL ENERGY CONSUMERS' RESPONSE
TO PSO'S EXCEPTIONS TO THE SUPPLEMENTAL REPORT
RESPONSE OF THE ADMINISTRATIVE LAW JUDGE**

Oklahoma Industrial Energy Consumers (OIEC), in response to the Exceptions to the Supplemental Report Response of the Administrative Law Judge (ALJ) filed by Public Service Company of Oklahoma (PSO), states as follows:

1. **The ALJ properly determined that PSO should not be entitled to recover a return on costs of the Northeastern Unit 4.**

PSO repeats its arguments that the ALJ erred in determining that although PSO is entitled to a return of the costs of the Northeastern Unit 4 plant through depreciation, it is not entitled to a return on those costs, i.e., it is not entitled to recover profit on such costs after the Northeastern Unit 4 was taken out of service in April, 2016. OIEC denies that PSO's ECP, which included retiring the Northeastern Unit 4 in 2016, was prudent, as set forth in OIEC's Exceptions to the ALJ's Supplemental Report filed on August 16, 2016, and in OIEC's proposed Findings of Fact and Conclusions of Law filed on January 20, 2016. However, even if prudent, PSO would then be entitled to recover costs even after the plant is retired, but it is no longer entitled to recover a return (or profit) on such costs after the plant is no longer in service and no longer used and useful. The ALJ's findings and recommendations that PSO is not entitled to a return on the costs

of a plant after it is no longer in service is supported by the evidence and the law, as set forth in OIEC's Response to Exceptions, pp. 9-10, filed on June 21, 2016.

2. **The ALJ's recommendations relating to depreciation expenses are supported by the evidence and the law.**

PSO asserts that the ALJ's recommendation, as well as OIEC's testimony, regarding depreciation expense adjustment cannot be traced to any evidence in the record. PSO's assertion is contrary to the record in this case. The ALJ's recommendation is based upon the depreciation rates recommended by OIEC witness Jacob Pous for generation plant and transmission plant, and the depreciation rates for distribution plant recommended by Staff witness David Garrett. The combined impact of the rates recommended by OIEC and Staff should be applied to the July 31, 2015 plant balances, as has been set forth in the Attorney General's Exceptions filed on August 16, 2016 at Attachment 1, and should be part of an updated accounting exhibit that quantifies the impact of all of the ALJ's recommendations.

Moreover, as discussed in OIEC's Response filed on June 21, 2016 to PSO's original Exceptions, PSO's evidence relating to depreciation rates was deficient. Therefore, the ALJ properly recommended that PSO should be required to provide a complete, detailed and fully documented depreciation study in support of its various life and net salvage parameters, by account, in its next rate case.

CONCLUSION

For the above reasons, OIEC respectfully requests that the Commission deny PSO's exceptions addressed herein and in OIEC's Response to Exceptions filed on June 21, 2016, which are adopted and incorporated herein.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I do hereby certify that on August 19, 2016, a true and correct copy of the above and foregoing was mailed, postage prepaid, faxed, e-mailed or hand-delivered to:

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A handwritten signature in black ink, appearing to read "Thomas P. Schroedter" with a circled "577" to the right. The signature is written in a cursive style.

Thomas P. Schroedter