

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	)	CASE NO. PUD2026-000067
COMMISSION AUTHORIZING APPLICANT	)	
TO MODIFY ITS RATES, CHARGES, AND	)	
TARIFFS FOR RETAIL ELECTRIC	)	
SERVICE IN OKLAHOMA	)	

Direct Testimony

of

Kimber L. Shoop

on behalf of

Oklahoma Gas and Electric Company

September 30, 2026

Kimber L. Shoop
Direct Testimony

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

2 A. My name is Kimber L. Shoop. My business address is 321 North Harvey, Oklahoma City,
3 Oklahoma 73102.
4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Oklahoma Gas and Electric Company ("OG&E" or "Company") as
7 Director of Regulatory Affairs.
8

9 **Q. Please summarize your educational background and professional qualifications.**

10 A. I earned a Bachelor of Arts degree in Government from the University of Virginia (1996)
11 and a Juris Doctorate from the University of Oklahoma College of Law (2002). I am a
12 member of the Oklahoma Bar Association, the Arkansas Bar Association, and the District
13 of Columbia Bar Association. After law school, I practiced law in Washington D.C. until
14 accepting the position of Senior Attorney at OG&E in 2006. In 2015, I was named
15 Managing Director of Law at OG&E. In 2017, I left OG&E to establish a private law
16 practice in Edmond, Oklahoma and continued to perform work for OG&E. In 2020, I
17 returned to OG&E as Director of Regulatory Policy and Planning before being named
18 Director of Regulatory Affairs in 2022.
19

20 **Q. What is the purpose of your Direct Testimony?**

21 A. The purpose of my testimony is to describe the relief OG&E requests in this proceeding
22 and to explain the basis for the change in base rates the Company seeks. I will explain the
23 investments OG&E has made since the last rate review to deliver safe, reliable, and resilient
24 service to a rapidly growing Oklahoma, and I will describe how the Company has balanced
25 those investments against its longstanding commitment to affordability. I then discuss the
26 key issues presented in this Application, including depreciation, vegetation management,
27 incentive compensation, the Company's capital structure and cost of capital, the
28 emPOWER technology transformation, the Company's expanded customer assistance

1 programs, and OG&E's proposed five-year Performance Based Ratemaking Pilot. Finally,
2 I will introduce each of the Company's witnesses and the purpose of their testimony.

3
4 **SUMMARY OF RELIEF REQUESTED**

5 **Q. Please state the relief sought from the Commission through this Application.**

6 A. OG&E is requesting a general rate change pursuant to the Commission's rules, including
7 the Chapter 70 Minimum Standard Filing Requirements. The accounting exhibits,
8 schedules, testimony, and evidence supporting the requested general rate change are
9 included in the Application Package filed in this Case.

10
11 **Q. Please generally describe OG&E's request in this filing.**

12 A. As supported by the cost of service study sponsored by OG&E witness Lauren Maxey,
13 OG&E is requesting an overall increase in Oklahoma retail revenues of approximately
14 \$395 million annually, which reflects a total bill increase of 14 percent over rates last set
15 in July of 2024. The Company expects new rates to take effect following the Commission's
16 final order in this Case.

17
18 **Q. What does the requested increase mean for customers' bills?**

19 A. The requested increase will affect customers differently depending on their rate class, usage
20 level, and billing characteristics. The overall bill impact should be evaluated in that context
21 and against the customer benefits supported by the investments and programs addressed in
22 this case, including improved reliability, continued service to a growing Oklahoma
23 economy, and expanded customer assistance options, including more programs for
24 OG&E's most vulnerable customers. OG&E witnesses Maxey, Cash, and Nguyen provide
25 the detailed cost-of-service, rate design, and customer impact support for the proposed
26 rates. The average residential customer will see an increase in their bills of \$23.88 per
27 month when compared to current rates. For residential customers, this represents about a
28 17.5 percent increase in the monthly bill.

Q. What test year was utilized in developing the Application Package?

A. The Company's exhibits are based on the financial results of the historical test year ended June 30, 2026, with pro forma adjustments through December 31, 2026. Pro forma adjustments reflect reasonably known and measurable changes that occur during and after the test year. As explained by OG&E witnesses James Fenno and Jason Thenmadathil, the Company will update its request with actual amounts through the end of the six-month pro forma period during the pendency of this case.

Q. What are the principal drivers of the requested rate change?

A. The requested change is driven principally by four categories of cost. First, and largest, is the capital investment OG&E has made since the last rate review in its transmission, distribution, and generation systems to serve growing demand for electricity and improve both reliability and resiliency. Second is the return of that investment through depreciation expense, reflecting the results of the Company's updated Depreciation Study. Third is the requested increase in vegetation management expense, which is necessary to protect the reliability benefits of the Company's grid investments. Fourth are increases in the cost of capital and in certain unavoidable operating costs. Partially offsetting these drivers is the revenue associated with customer and load growth, which is reflected in the pro forma revenue adjustments sponsored by witness Nguyen.

CAPITAL INVESTMENTS

Q. Please describe the level of investment OG&E has made in its power delivery system since the last rate review.

A. As detailed in the direct testimony of OG&E witness Mike Evans, the Company placed in service approximately \$1.27 billion of transmission and distribution investment in Oklahoma between April 1, 2024 and June 30, 2026, consisting of approximately \$951 million on the distribution system and approximately \$314 million on the transmission system. These investments include new business projects that connect new and expanding customers, asset improvement and grid enhancement work, replacement of equipment that failed in service, capacity additions identified through system planning, lighting

conversions, relocations required by municipalities and the Oklahoma Department of Transportation, and storm response and restoration.

Q. Are these investments producing measurable results for customers?

A. Yes. As witness Evans describes, OG&E's asset improvement programs have supported the inspection and treatment of over 121,000 poles, the strengthening of approximately 16,000 poles, and the replacement of more than 1,500 poles, together with the installation of approximately 1,800 TripSavers and 125 IntelliRupters that sense and isolate disruptions so that fewer customers experience an outage. Over the past five years, OG&E's System Average Interruption Duration Index has declined, meaning that the average customer has experienced fewer total minutes of service interruption. This is the benefit customers receive on a reliability investment: fewer outages, shorter outages, and faster restoration when severe weather does strike.

Q. Has OG&E also invested in its generating fleet?

A. Yes. OG&E has invested over \$600 million on production-related plant. As explained by OG&E witness Robert Doupe, the Company maintains a robust asset management program that evaluates the health of each generating asset using original equipment manufacturer guidance, historical performance data, condition monitoring, and industry standards, and then develops and funds projects to address identified safety, performance, and reliability needs. Witness Doupe supports the major capital projects completed across the Company's thermal fleet since the last rate review.

Q. Please describe the new generation resources addressed in this case.

A. OG&E is adding dispatchable generation to serve growing load. Horseshoe Lake Units 11 and 12 are two General Electric 7F.05 combustion turbines with a combined capacity of 448 MW, which the Commission approved in the preapproval proceeding in Case No. PUD 2023-000038. Certain costs associated with those units, including amounts above the levels designated for recovery through the Generation Capacity Rider, remain subject to review in this proceeding and are addressed by witness Doupe. In addition, OG&E has

1 added two aeroderivative LM6000 combustion turbines totaling 96 MW at Tinker Air
2 Force Base. Those units start quickly, ramp rapidly, and sit adjacent to the Company's
3 largest load center, which reduces transmission congestion; they also allow the base to
4 continue operating in the event of a national emergency. Locating that generation at Tinker
5 therefore serves both OG&E's customers, the national security interests of the United
6 States military, and Oklahoma's interest in supporting Tinker's operations as a large
7 employer.

8
9 **Q. How do these investments support economic development in Oklahoma?**

10 A. Oklahoma is experiencing a period of significant economic expansion, including large-load
11 customers such as data centers, advanced manufacturing, and onshoring of domestic
12 production. OG&E works collaboratively with state and municipal entities to attract these
13 investments and then builds the transmission, distribution, and generation infrastructure
14 necessary to serve them. That growth benefits all customers: as the Company spreads its
15 costs over more customers and more kilowatt-hours, and as new large customers pay their
16 allocated share of costs, there is downward pressure put on rates for existing customers.
17 Witness Maxey explains how the Company's updated cost of service study assigns costs to
18 these customers, and witness Isaac Stroup explains how the proposed Performance Based
19 Rate Pilot would allow the revenues associated with that growth to be reviewed alongside
20 the costs incurred to serve it.

21
22 **AFFORDABILITY AND COST DISCIPLINE**

23 **Q. Does OG&E balance the need for investment with the need for affordable rates?**

24 A. Yes, and that balance is central to how the Company operates. OG&E makes commitments
25 to its customers: to provide safe, reliable, and affordable electricity, to maintain a reliable
26 and resilient grid, and to grow the communities we serve. However, the Company does
27 not and will not sacrifice one of those commitments for another. Affordability is also not
28 achieved by minimizing every expenditure in a single year. As witness Charles Walworth
29 explains, deferring necessary maintenance or underinvesting in infrastructure to reduce

1 current-year costs ultimately imposes greater costs on customers through emergency
2 repairs, degraded reliability, higher financing costs, and larger future rate increases.

3
4 **Q. How does OG&E's cost discipline compare with its peers?**

5 A. Favorably, and by a wide margin. As witness Walworth demonstrates, OG&E's 2025 non-
6 fuel operations and maintenance expense per megawatt-hour was approximately \$19.98,
7 the third lowest among its peer group of investor-owned electric utilities and at 53 percent
8 of the peer average of approximately \$37.96. Witness Walworth also demonstrates that
9 OG&E's O&M expense has grown more slowly than general inflation over the past decade,
10 which means that in real terms the Company has reduced the cost of providing electric
11 service even as it has absorbed the same inflationary pressures on wages, materials, and
12 contractor costs that have affected the entire industry and the broader economy at large.

13
14 **Q. Has OG&E pursued other sources of funding?**

15 A. Yes. As witness Walworth explains, OG&E actively pursues federal grants and other
16 funding that can both add to the reliable and resilient grid and reduce the amount customers
17 must fund for qualifying projects. The Company is currently participating in four projects
18 selected for federal awards providing nearly \$76 million to OG&E, including a \$50 million
19 grant agreement with the United States Department of Energy for the Adaptable Grid
20 Project. Grant proceeds are applied to the project before determining the amount eligible
21 for inclusion in rate base, so customers pay neither a return on nor depreciation expense
22 associated with the grant-funded portion of the investment.

23
24 **Q. What other concrete steps has OG&E taken to maintain affordable rates?**

25 A. As discussed by OG&E witness Doupe, the construction of the Horseshoe Lake 11 & 12
26 units was completed ahead of schedule and approximately \$12 million under budget. The
27 OG&E team was able to accomplish this even with a tornado impacting the site during
28 construction. While this is a significant accomplishment given the complexity of this
29 project, it also brought real benefits to customers. The original schedule would have had
30 the units' capacity available for the summer peak in 2027. By accelerating the in-service

1 date, it not only reduced the accrual of AFUDC, but it also allowed OG&E to avoid the
 2 purchase of approximately 240 MW of capacity needed for the 2026-2027 winter capacity
 3 season. OG&E estimates that the purchase of 240 MW for the 2026-2027 winter season
 4 could have cost between \$9.4 million and \$16 million in the current market environment.¹
 5 This is just an example of how OG&E's efficient execution of a specific project brought
 6 tangible benefits to customers.

7
 8 **Q. How do OG&E's rates compare to other electric utilities?**

9 A. OG&E's overall retail rates remain very competitive. Out of 154 electric utilities in the
 10 United States, OG&E has the 12th lowest rates.²

11
 12 **Q. What options does OG&E offer to customers to help manage their monthly bills?**

13 A. OG&E offers a range of rate and billing options, including Average Monthly Billing,
 14 Guaranteed Flat Bill, the Silver Energy senior citizen credit, the Low-Income Assistance
 15 Program credit, SmartHours time-of-use, and variable peak pricing options. As explained
 16 by OG&E witness Gwin Cash, the Company is proposing to meaningfully expand this
 17 framework in this proceeding.

18
 19 **Q. Please summarize the customer program changes OG&E proposes in this case.**

20 A. OG&E Witness Cash supports five related proposals that, taken together, create a more
 21 comprehensive customer assistance framework to help keep our most vulnerable customers
 22 connected:

- 23 • Choose My Due Date, which would allow eligible residential customers to align
 24 their bill due date with the timing of their income and would replace the current
 25 optional due date provision.

¹ According to the OG&E resource planning department, the average cost of short-term capacity for 2026 Summer and Winter is \$9.81/kW-month (\$9.81 X 240,000 x 4 months = \$9,417,600). The highest cost of short-term capacity for 2026 in summer was \$16.75/kW-month (\$16.75 X 240,000 x 4 months = \$16,080,000).

² S&P Global Cost per kWh databook, March 24, 2026.

- Expansion of the senior citizen discount from time-of-use rate codes to all applicable residential rate schedules, so that a qualifying senior aged 65 or older receives the same benefit for the rate that best fits their usage.
- Expansion of the Low-Income Assistance Program discount to Oklahoma residential customers who qualify for SNAP or LIHEAP benefits, rather than limiting eligibility to customers who actually receive LIHEAP funds before those funds are exhausted.
- An Arrearage Management Plan Debt Forgiveness Pilot, under which an eligible past-due balance is frozen and forgiven in twelve monthly installments as the customer timely pays each current monthly bill.
- Implementation of OG&E's Customer Prepay Bill Provision, including limiting the program to residential customers, allowing customers with an outstanding balance to enroll, and eliminating deposits for participating customers.

These proposals address distinct but related barriers customers face. They are designed to help customers stay connected, remain current, and obtain meaningful support before financial difficulty becomes unmanageable. They also benefit the general body of customers by reducing disconnections, reconnections, and uncollectible balances that would otherwise be recovered through the revenue requirement.

DISCUSSION OF KEY ISSUES

Depreciation

Q. Please explain the Company's depreciation request.

A. OG&E is proposing new depreciation rates based on the Depreciation Study sponsored by OG&E witness Dane A. Watson, which represents a comprehensive update to the rates last approved in Case No. PUD 2023-000087 and implemented effective July 1, 2024. The proposed rates reflect three factors: the remaining investment to be recovered in each account, the depreciable life of the account, and the net salvage associated with the account. All three of those factors have changed since the last study.

1 **Q. Why is depreciation important to customers?**

2 A. Depreciation is how the Company recovers its capital investment over the period those
3 assets actually serve customers. Using service lives that are longer than an asset's real life
4 means the Company continues charging customers for assets that have already been retired
5 or replaced, while simultaneously charging them for the replacement. Consider the analogy
6 of financing a vehicle for too long: you can find yourself still paying for the old car when
7 the payments on the new one begin. Setting depreciation rates that reflect actual asset lives
8 avoids that outcome, reduces the risk of stranded cost issues, and preserves
9 intergenerational equity among customers.

10
11 **Q. Are there specific depreciation issues you would highlight?**

12 A. Yes, two. First, the proposed rates incorporate dismantlement costs for the Company's
13 generating units, which were not modeled in the currently approved rates. Those costs are
14 supported by the Fleet Decommissioning Cost Estimate Study sponsored by OG&E
15 witness Jeffrey T. Kopp, which estimates the net cost of decommissioning the Company's
16 Oklahoma generating fleet at approximately \$335.8 million in 2026 dollars. Second, as
17 explained by OG&E witness Ryan Einer, the Company proposes a 15-year service life for
18 Account 370 – Smart Meters. Solid-state advanced metering infrastructure meters contain
19 circuit boards, communication modules, and displays that degrade materially faster, and
20 OG&E's own failure data show a higher-than-expected failure rate since the initial 2011
21 deployment. A longer life would leave the Company carrying undepreciated book value
22 on meters that have already failed and been replaced, shifting those costs to a future period.

23
24 Vegetation Management

25 **Q. Please explain OG&E's vegetation management request.**

26 A. The Commission last approved OG&E's vegetation management expense level at
27 approximately \$38.2 million annually in Case No. PUD 2023-000087. In this proceeding,
28 OG&E requests an annual Oklahoma vegetation management expense level of
29 approximately \$46 million, consisting of approximately \$39.7 million for distribution and
30 approximately \$6.2 million for transmission.

1 **Q. Why is this increase necessary?**

2 A. Vegetation is the most persistent threat to the reliability investments I described earlier.
3 Vegetation is one of the top reasons OG&E customers experience outages across the
4 system. The Company can harden poles, automate circuits, and modernize equipment, but
5 a limb in a conductor during an ice storm still puts customers in the dark. As OG&E
6 witness Robert Shaffer explains, vegetation grows regardless of the authorized funding
7 level, and work that is inexpensive to address today becomes a larger and more costly
8 reliability and safety problem if it is deferred. The requested level reflects the measurable
9 inventory of high- and medium-risk spans identified on the system, the recurring volume
10 of customer and reliability-driven requests, the cost of customer refusals and access
11 constraints, and sustained competition for specialized line-clearance contractors.
12

13 **Q. Is OG&E simply asking for more dollars to continue past practices?**

14 A. No, and this is an important part of the story in this case. Witness Shaffer explains that
15 OG&E has fundamentally changed how it plans, awards, executes, and verifies vegetation
16 work. The program has moved from a decentralized, calendar-based cycle model to a
17 standardized, data-driven, risk-based operating model that uses satellite intelligence and
18 machine learning to measure vegetation encroachment at the individual span level,
19 aggregates that data to compare risk across substations and circuits, and packages work for
20 competitive bidding against a defined scope. That change lets OG&E direct dollars to the
21 locations where vegetation presents the greatest risk to reliability and public safety, bid
22 work competitively rather than pay time-and-equipment rates, verify completion at the
23 span level, reduce duplicate truck rolls, and forecast spending with far greater accuracy. It
24 is a better answer for customers than simply spending more on the old approach.
25

26 Incentive Compensation

27 **Q. Should the Company recover the full cost of the market-based compensation it pays**
28 **its employees?**

29 A. Yes. OG&E pays its employees a total compensation package composed of base salary
30 and incentive compensation. As OG&E witness Scott Briggs explains, base pay and

1 incentive targets are set together, using independently verified third-party survey data and
2 periodic review by an independent compensation consultant, so that total cash
3 compensation reaches market-competitive levels. Incentive compensation is therefore not
4 an optional or shareholder-only expense; it is a portion of the same compensation cost
5 required to attract and retain the workforce that operates the utility.
6

7 **Q. Does the Commission's historical disallowance reflect the actual design of these**
8 **plans?**

9 A. No. The Commission has historically disallowed 100 percent of long-term incentive
10 compensation and 50 percent of short-term incentive compensation, based on the presence
11 of financial metrics, principally earnings per share, in the Company's performance
12 framework. That rationale does not make sense for a number of reasons. First, OG&E
13 continues to show that its incentive compensation is reasonable and needed for attraction
14 and retention of its employees. A prudent expense should be included in rates regardless
15 of the metrics used to calculate the compensation. Second, the rationale does not match
16 the arithmetic. For the majority of OG&E members, non-earnings-per-share measures
17 constitute approximately 75 percent of the short-term incentive target, with earnings-per-
18 share measures accounting for approximately 25 percent. Those operational measures are
19 Operating and Maintenance Expense, Customer Satisfaction, Safety, and Environmental
20 Operations – the very outcomes customers care about. Similarly, 35 percent of the long-
21 term incentive grant consists of restricted units that vest solely on continued employment
22 through a three-year cliff and are not tied to any financial metric; they are purely a retention
23 tool. It is also notable that no intervenor has challenged the reasonableness or prudence of
24 OG&E's compensation levels in recent proceedings.
25

26 **Q. What is OG&E requesting in this proceeding with respect to incentive compensation?**

27 A. OG&E requests recovery of 100 percent of its short-term and long-term incentive
28 compensation. In the alternative, and as explained by witness Briggs, the Commission
29 should at a minimum allow recovery of 66 percent of short-term incentive expense, which
30 reflects the current payout percentage attributable to metrics not tied to earnings per share,

1 and 35 percent of long-term incentive expense, which reflects the time-based restricted unit
2 component that bears no relationship to any financial metric.

3
4 Cost of Capital and Capital Structure

5 **Q. Does OG&E need to remain competitive in attracting capital?**

6 A. Yes. As OG&E witness Walworth explains, OG&E is smaller than many of the investor-
7 owned utilities with which it competes for capital. Investors have numerous opportunities
8 to deploy their funds, including investments in larger utilities across the country. OG&E
9 therefore must be able to attract capital on reasonable terms so it can finance needed
10 infrastructure, maintain its financial health, and continue providing reliable service at
11 affordable rates.

12
13 **Q. What is OG&E requesting with respect to its cost of capital?**

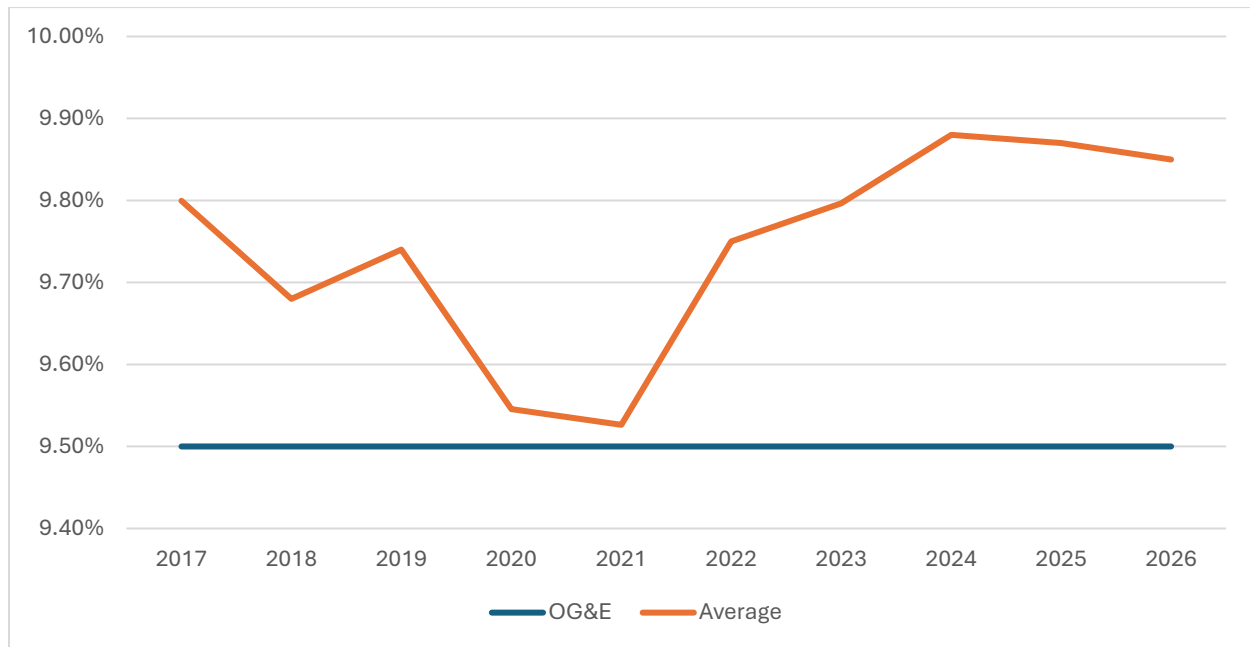
14 A. OG&E requests that the Commission set rates using the Company's actual test year ending
15 capital structure of 53.42 percent common equity and 46.58 percent long-term debt,
16 together with the return on equity supported by OG&E witness Ann E. Bulkley. Witness
17 Bulkley presents the results of multiple market-based cost of equity models applied to a
18 proxy group of comparable electric utilities and evaluates OG&E's business and regulatory
19 risk relative to that group. OG&E witness Walworth supports the same capital structure
20 from the Company's internal financial management perspective, and OG&E witness Sarah
21 Akers addresses how investors and credit rating agencies evaluate regulatory outcomes
22 when allocating capital.

23
24 **Q. What is OG&E proposing for return on equity?**

25 A. OG&E witness Bulkley proposes a ROE of 10.5 percent. As OG&E witness Walworth
26 testifies, ROE is a key metric investors care about because it is what compensates investors
27 for the cost of providing capital to the utility. OG&E's current ROE of 9.5 percent is not
28 only below the ROE recommended by OG&E witness Bulkley, but it is also below the
29 average authorized ROE for vertically integrated electric utilities across the country. For
30 2025, the average authorized ROE for vertically integrated electric utilities was 9.87

percent.³ In the first half of 2026, the average authorized ROE for vertically integrated electric utilities in the United States was 9.85 percent.⁴ OG&E's ROE has remained 9.50 percent since its 2015 general rate proceeding. The chart below from OG&E witness Walworth's testimony shows OG&E's authorized ROE compared to the average authorized ROE for vertically integrated utilities over the past 10 years.

Chart 1 – Historical Authorized ROE



OG&E believes that an increase in ROE is warranted given it is below the average across the country. OG&E witness Walworth explains why a higher than average ROE and the ability to use its actual capital structure ensures that the Company can protect customers by remaining financially healthy and by competing for capital during its future efforts to address resource adequacy and unprecedented load growth.

³ S&P Global: Major energy rate case decisions in the US, January-March 2025. (April 2026).

⁴ S&P Global: Major energy rate case decisions in the US, July 2026. (July 2026).

Technology Modernization – the emPOWER Program

Q. Please describe the emPOWER program addressed in this case.

A. As explained by OG&E witness David Kenyon, emPOWER is the Company's enterprise modernization initiative, which replaced an end-of-life SAP ECC 6.0 environment that had been in service for more than twenty years with SAP S/4HANA and integrated supporting applications. This was not a discretionary technology preference. SAP's mainstream maintenance for ECC 6.0 ends December 31, 2027, after which the Company would have operated its billing, financial, supply chain, and work management systems on a platform receiving no legal or regulatory updates, no support packages, and no vendor service levels. The legacy environment had also accumulated more than 12,000 custom objects that made patching difficult and concentrated operational knowledge in a shrinking pool of personnel.

Q. Is this investment new to the Commission?

A. No. In Case No. PUD 2021-000164, the Commission approved the establishment of a regulatory asset to defer costs associated with the S/4HANA project for consideration in future rate proceedings, and OG&E presented the first layer of project costs in service for recovery in Case No. PUD 2023-000087. Witness Kenyon provides the technology and business justification for the investments for which the Commission has already authorized regulatory accounting treatment, including the evaluation of alternatives, the resulting improvements in financial and regulatory reporting, and the strengthened cybersecurity posture of the systems that process customer data.

Proposed Performance Based Rate Pilot

Q. Please describe the Performance Based Rate Pilot OG&E proposes in this case.

A. OG&E requests approval of a five-year Performance Based Rate Pilot, sponsored by OG&E witness Isaac D. Stroup. Under the pilot, the Company would file annually, using a test period of the twelve months ending March 31, and its earned return would be compared to the authorized return on equity ("AROE") approved in this Case. If the earned return falls more than 50 basis points below the AROE, rates would be adjusted prospectively, with no recovery of the shortfall. If the earned return exceeds the AROE by

more than 50 basis points, 75 percent of the over-earnings would be returned to customers.
At the end of the five-year term, OG&E would file a general rate case under OAC 165:70.

Q. Why is the Company proposing this now?

A. Because there is a growing need for this given the current environment. OG&E currently faces committed load growth that brings substantial new revenue with it. Regulatory lag cuts both ways: under traditional ratemaking, revenue growth between rate cases generally stays with the utility until the next case. Parties in recent proceedings have proposed revenue trackers and offsetting regulatory assets and liabilities to address that same concern. The pilot addresses it more completely, by reviewing revenues, expenses, and investments together in a single annual proceeding rather than isolating one component of the revenue requirement. It also responds to Chairman David's observation in Case No. PUD2025-000084 that the pace of new generation investment may warrant renewed consideration of an annual review mechanism.

Q. Does the pilot reduce the Commission's oversight?

A. No. Nothing in the proposal limits the Commission's authority. Every dollar in each annual filing remains subject to prudence review and potential disallowance, intervenors retain full discovery and testimony rights under a 90-day responsive testimony period, and the Commission or the Company may initiate a general rate change under Chapter 70 at any time during the term. This pilot will create better transparency of OG&E rates and investments, promote gradualism, and mitigate the potential sticker shock that comes with large less frequent rate cases, and achieve greater accountability through more frequent reviews. OG&E witness Stroup also proposes defined evaluation criteria and an annual reporting commitment so that the Commission can decide, on an Oklahoma-specific record, whether the mechanism should be extended, modified, or discontinued at the end of the pilot.

INTRODUCTION OF OG&E WITNESSES

Q. Please identify the OG&E witnesses and the purpose of their testimony.

A. Table 1 lists OG&E's witnesses and briefly describes the purpose of each witnesses' testimony.

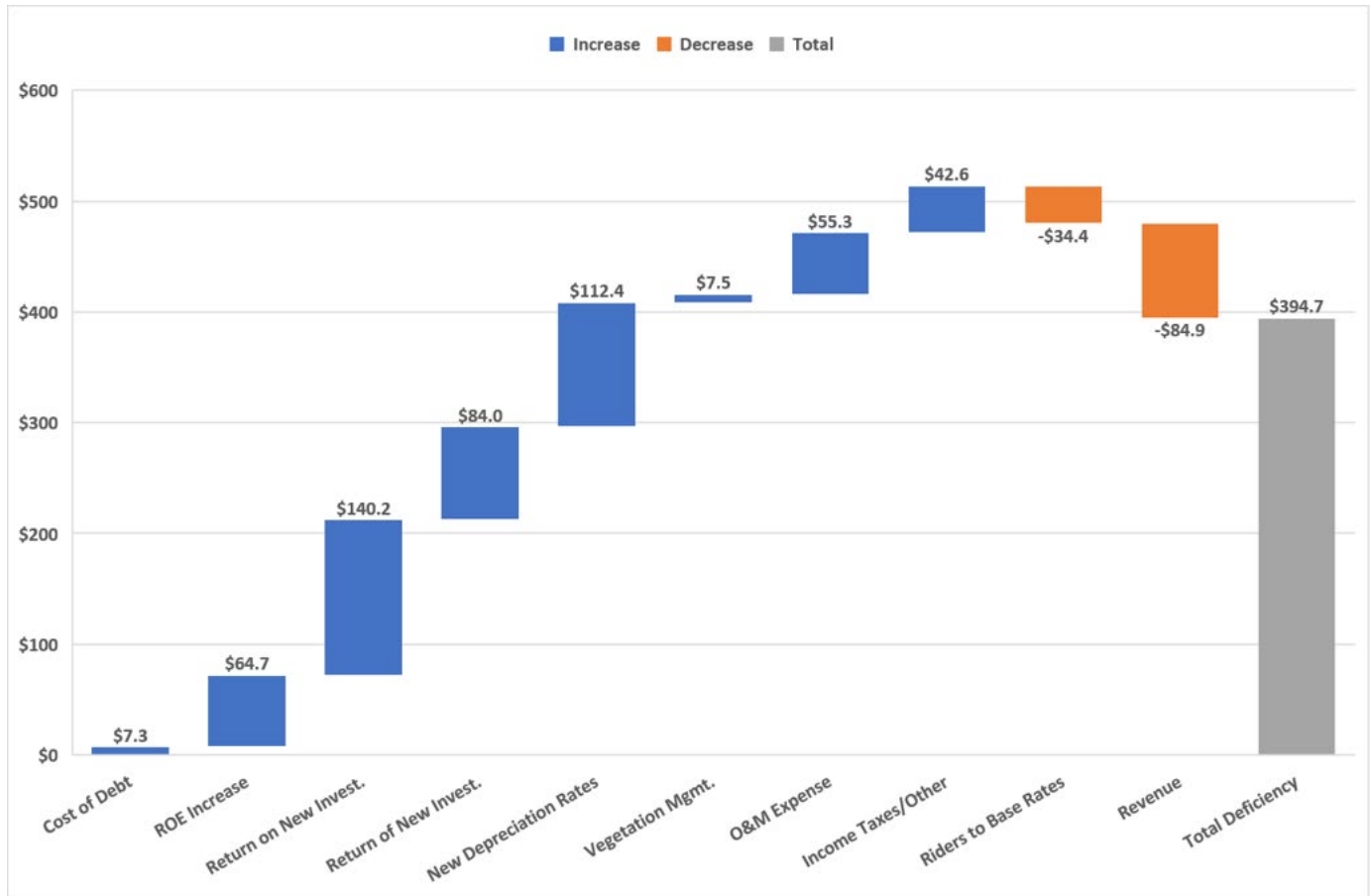
Table 1: OG&E Witness List

Witness	Title	Purpose of Testimony
Kimber L. Shoop	Director of Regulatory Affairs	Identifies each of the Company witnesses, outlines the relief requested, explains why OG&E is seeking a rate change at this time, and discusses key issues including reliability investments, affordability, depreciation, vegetation management, incentive compensation, and the proposed performance-based rate pilot.
Sarah Akers	Principal and Co-Founder, AK Capital Consulting, LLC	Addresses capital attraction principles, capital market conditions, credit quality, and how investors and rating agencies evaluate Oklahoma regulatory outcomes; supports the recommendations of witness Bulkley.
Ann E. Bulkley	Principal, The Brattle Group	Provides independent analysis of the Company's cost of equity, recommends an authorized ROE of 10.5 percent within a range of 10.25 percent to 11.25 percent, and supports the reasonableness of the Company's proposed capital structure of 53.42 percent common equity and 46.58 percent long-term debt.
Charles B. Walworth	Chief Financial Officer	Explains OG&E's financial stewardship, including sustained O&M discipline, pursuit of federal funding, management of financing costs and liquidity, and support for the Company's capital structure.
Dane A. Watson	Partner, Alliance Consulting Group	Sponsors and supports the Company's Depreciation Study and the resulting proposed depreciation rates.
Jeffrey T. Kopp	Senior Managing Director, 1898 & Co. (Burns & McDonnell)	Sponsors the OG&E Fleet Decommissioning Cost Estimate Study used in the development of the proposed depreciation rates.
Mike Evans	Director, T&D Project Management and Resource Optimization	Supports the reasonableness and prudence of the transmission and distribution investments included for recovery in this case.
Robert Shaffer	Sr. Manager, Asset Performance	Supports the Company's vegetation management program, the requested vegetation management expense level, and the associated regulatory treatment.
Robert Doupe	Director, Power Supply Services	Supports capital investments in the Company's generating facilities, including costs associated with the Horseshoe Lake Combustion Turbines and the Tinker Air Force Base Combustion Turbines.

Witness	Title	Purpose of Testimony
David Kenyon	Chief IT Architect	Supports the business justification and prudence of the emPOWER transformation program, including the implementation of SAP S/4HANA and related enterprise platforms.
Scott Briggs	Chief Administrative Officer	Explains OG&E's compensation strategy and supports recovery of short-term and long-term incentive compensation as a necessary, market-based cost of providing service.
Ryan Einer	Manager, Operations Support	Supports the proposed 15-year service life for Account 370 – Smart Meters.
Jason J. Thenmadathil	Director, Regulatory Accounting	Supports the Company's <i>pro forma</i> adjustments to operating expense and the removal of rider costs from the test year (Schedule H)
James G. Fenno	Lead Regulatory Accountant	Supports the Company's <i>pro forma</i> adjustments to rate base (Schedule B).
Lauren E. Maxey	Manager, Cost of Service	Supports the jurisdictional and class cost of service studies, including the twelve coincident peak transmission allocator.
Gwin Cash	Senior Manager, Pricing, Tariff Administration and Load Analysis	Describes new and modified customer programs, including Choose My Due Date, the expanded senior citizen discount, the expanded Low-Income Assistance Program, the Arrearage Management Plan pilot, and Customer Prepay Bill Provision. Also, rate design, Schedule M and Proof of Revenue.
Johnny Nguyen	Lead Pricing Analyst	Sponsors the <i>pro forma</i> revenue adjustments to Schedule H and supports certain tariff updates.
Isaac D. Stroup	Lead Regulatory Coordinator	Supports the Company's proposed five-year Performance Based Rate Pilot, and its design.
James Alexander	Lead Pricing Analyst	Supports the Company's proposed tariff changes

CONCLUSION

- 1 **Q. Is there a visual depiction of the components that make up OG&E's requested**
2 **revenue increase?**
- 3 **A. Yes.** Chart 2 presents a waterfall depiction of the major drivers of the revenue request in
4 this case, including the return on and return of new investment, the effect of new
5 depreciation rates, vegetation management expense, the change in the cost of capital, other
6 operating expense changes, and the offsetting effect of revenue growth.

Chart 2: Major Drivers of the Revenue Requirement Increase**Chart Notes:**

- ROE Increase: Only the change from existing 9.5% ROE to proposed 10.5% ROE.
- Return on New Investment: Existing rate of return (debt + equity) on new investment.
- Return of New Investment: Depreciation expense of new investment at existing depreciation rates.

1 **Q. Should the requested increase be approved?**

2 A. Yes. OG&E has made significant, needed investments on behalf of its customers, in a state
 3 experiencing both extraordinary weather and extraordinary growth, while holding its non-
 4 fuel O&M expense to roughly half the average of its peers and below the rate of inflation.
 5 Those efforts are producing direct customer benefits: grid investments are reducing the
 6 duration and scope of outages; the early completion of Horseshoe Lake Units 11 and 12
 7 (and \$12 million under budget) avoided an estimated \$9.4 million to \$16 million capacity
 8 purchase, ; nearly \$76 million in anticipated federal awards will reduce the investment

1 customers must fund; expanded assistance programs will help vulnerable customers stay
2 connected and manage their bills; and responsible load growth can spread system costs
3 over more customers and kilowatt-hours when new customers contribute revenues
4 sufficient to cover the incremental costs of serving them. The Company has also changed
5 the way it plans and awards vegetation work to stretch every dollar further. In order to
6 maintain the Company's financial health and continue attracting capital to Oklahoma on
7 reasonable terms, OG&E needs the Commission to recognize the need for these
8 investments and reflect them in rates.

9
10 **Q. Why is a financially healthy utility important to Oklahoma?**

11 A. Because Oklahoma's economic strength is powered by a reliable and resilient grid. Just as
12 the state invests in roads and bridges to prepare for growth, OG&E invests in the
13 infrastructure that attracts and retains businesses and the jobs they bring. A financially
14 healthy utility can access capital under reasonable terms in all economic conditions, can
15 respond to a major storm without emergency financing, and can continue bringing new
16 customers online. And as OG&E serves more customers, it spreads its costs across more
17 kilowatt hours, which benefits every customer on the system.

18
19 **Q. Does this conclude your testimony?**

20 A. No. I have some concluding remarks. OG&E is a company with rates well below the
21 national average that delivers reliable electric service in one of the most challenging
22 weather environments in the country. Balancing reliability, resiliency, and affordability is
23 achieved through sound planning, disciplined cost management, innovative thinking, and
24 a consistent focus on the customer. OG&E comes before the Commission to adjust its rates
25 to reflect the cost of providing that service. I believe the requested rate change is fair, just,
26 reasonable, and in the public interest, and OG&E respectfully requests that it be granted.

27
28 **Q. Does this now conclude your testimony?**

29 A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that on the 30th day of September 2026, a true and correct copy of the foregoing was electronically served via the Electronic Case Filing System to those on the Official Electronic Case Filing Service List, and via electronic mail to the following persons:

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AFFIDAVIT

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA)

On the 21st day of September 2026, before me appeared Kimber L. Shoop, to me personally known, who, being by me first duly sworn, states that he is the Director of Regulatory Affairs for Oklahoma Gas and Electric Company ("OG&E") and acknowledges that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge, and belief.

Print KIMBER SHOOP

Signature 

Subscribed and sworn to before me on this 21st day of September, 2026.


Notary Public

My commission expires: 10-17-2026

