

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

JOINT APPLICATION OF CENTERPOINT)
ENERGY RESOURCES CORP., SOUTHERN COL)
MIDCO, LLC, AND SUMMIT UTILITIES)
OKLAHOMA, INC. FOR TRANSFER OF)
JURISDICTIONAL UTILITY ASSETS AND)
CUSTOMER ACCOUNTS PURSUANT TO OAC)
165:45-3-5)

CAUSE NO. PUD 202100114

FILED
AUG 05 2021

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CORPORATION COMMISSION
OF OKLAHOMA



REBUTTAL TESTIMONY

OF

JOHN GIVENS

AUGUST 5, 2021

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1 **INTRODUCTION**

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

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

6 **Q: Are you the same John Givens that filed Responsive Testimony on July 23, 2021?**

7 A: Yes.

8 **Q: What is the purpose of this Rebuttal Testimony?**

9 A: The purpose of this Rebuttal Testimony is to give the Public Utility Division’s (“PUD”)
10 response to the recommendations contained in the Responsive Testimony of Todd
11 Bohrmann on behalf of the Attorney General regarding a general rate case and annual
12 Performance Based Rate Change (“PBRC”) filings.

13 **GENERAL RATE CASE**

14 **Q: Please describe Mr. Bohrmann’s recommendations regarding a general rate case filing**
15 **by Summit Utilities Oklahoma, Inc. (“SUO”).**

16 A: Mr. Bohrmann recommends that SUO “file a Chapter 70 base rate proceeding once it has at
17 least 12 months of representative data after the acquisition, but the test year shall be no later
18 than December 31, 2023.”¹

¹ Responsive Testimony of Todd F. Bohrmann, page 21, lines 6-8.

1 **Q: What reason does Mr. Bohrmann give for recommending a general rate case?**

2 A: Mr. Bohrmann argues that after the acquisition, “the Commission and the parties will need to
3 examine all facets of SUO’s costs to determine whether SUO’s rates remain fair, just and
4 reasonable,”² and that a thorough examination requires a general rate case.

5 **Q: Does PUD agree that a general rate case is necessary to perform a thorough examination
6 of SUO’s costs?**

7 A: No. PUD believes that CenterPoint Energy Resource Corp.’s (“CenterPoint”) existing PBRC
8 Tariff will continue to function effectively as a mechanism to review SUO’s costs. As stated
9 in my Responsive Testimony, “[w]hile many things can be expected to change when a new
10 company begins operating a utility, the annual PBRC filing is designed to take most of
11 these changes into account.”³

12 **Q: Does Mr. Bohrmann’s Testimony list specific items that should be addressed in a
13 general rate case?**

14 A: Yes. Mr. Bohrmann specifically notes that CenterPoint’s “cost of capital, capital structure,
15 a jurisdictional cost of service study, a class cost of service study, depreciation rates, and
16 rate design” have not been updated in recent years.⁴

² *Id.* at page 11, lines 15-16.

³ Responsive Testimony of John Givens, page 8, lines 10-11.

⁴ Bohrmann Responsive, page 13, lines 8-10.

1 **Q: Why does Mr. Bohrmann believe a general rate case is needed to address these issues?**

2 A: Mr. Bohrmann argues that, “Due to the number and complexity of potential issues [. . .] a
3 Chapter 70 base rate proceeding which provides for a longer review period of a utility’s
4 application to change rates is the more appropriate forum to affirm that SUO’s rates are
5 fair, just, and reasonable.”⁵

6 **Q: Does PUD agree that there are several complex potential issues that may need to be
7 addressed following SUO’s acquisition of CenterPoint’s system?**

8 A: Yes. In fact, two of these issues, depreciation rates and class cost of service allocations,
9 were specifically addressed in my Responsive Testimony.⁶

10 **Q: Does PUD agree that a general rate case is needed to address these issues?**

11 A: No. Mr. Bohrmann concedes that the Commission has considered items such as cost of
12 capital, depreciation, and rate design in PBRC proceedings,⁷ but notes that “the
13 Commission would typically approve one or fewer instances of such changes in a given
14 year.” PUD agrees that addressing a large number of potentially complex issues would be
15 difficult in the timeline of a single PBRC filing, but Mr. Bohrmann gives no reason why
16 these issues need to be addressed simultaneously. By spreading complex issues over
17 several PBRC filings, parties are able to give appropriate and robust focus to the issue(s)
18 being presented in a given filing. As a result, the review in PBRC filings can be just as
19 thorough, if not more so, than in a single general rate case proceeding.

⁵ *Id.* at page 14, line 15 – page 15, line 2.

⁶ Givens Responsive, page 9.

⁷ Bohrmann Responsive, page 14, lines 7-9.

ANNUAL PBRC FILINGS

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Q: Does Mr. Bohrmann’s Responsive Testimony recommend suspending annual PBRC filings by SUO?

A: Yes, Mr. Bohrmann recommends suspending PBRC filings for the 2021, 2022, and 2023 test years.⁸

Q: Why does Mr. Bohrmann recommend suspending PBRC filings?

A: Mr. Bohrmann states that “with the acquisition expected to close by year-end 2021, the Commission and the parties would be reviewing data that would no longer be representative of SUO’s future revenues and expenses until a Chapter 70 base rate proceeding is conducted.”⁹

Q: Is this sufficient reason to suspend PBRC filings for three years?

A: No. At best, Mr. Bohrmann’s reasoning supports the suspension of PBRC filings for one year: the 2021 test year, before the transfer to SUO is complete. Because the acquisition is expected to close by the end of 2021, a PBRC review with a 2022 or 2023 test year would be entirely based on SUO’s financial data, not CenterPoint’s. PUD sees no reason why SUO’s own financial data would not be “representative of SUO’s future revenues and expenses.”

⁸ *Id.* at page 21, lines 8-9.
⁹ *Id.* at page 16, lines 12-15.

1 **Q: Does PUD support suspending the PBRC filing for the 2021 test year?**

2 A: No. While it is true that a PBRC filing with a 2021 test year will primarily rely on
3 CenterPoint’s financial data rather than SUO’s, this concern must be weighed against the
4 benefits that ratepayers may miss if the PBRC is suspended. CenterPoint customers received
5 a credit of \$2.46 million as a result of the 2019 PBRC,¹⁰ and will receive a credit of \$883,697
6 as a result of the 2020 PBRC if the Commission approves the proposed Joint Stipulation and
7 Settlement Agreement in Cause No. PUD 202100054. If the 2021 PBRC is suspended,
8 ratepayers will lose the ability to potentially receive a credit under the PBRC Tariff¹¹ if
9 CenterPoint’s Earned Return on Equity once again exceeds the Allowed Return dead-band of
10 9.5% to 10.5% in 2021.

11 **Q: Has the Commission suspended annual Performance Based Rate Plan filings following**
12 **an acquisition in the past?**

13 A: Yes. In Cause No. PUD 201700495, Final Order No. 684561, the Commission granted a
14 waiver of Arkansas Oklahoma Gas Corporation’s (“AOG”) requirement to file for review of
15 its Performance Based Rates (“PBR”) following its acquisition by SUO’s parent company,
16 Summit Utilities, Inc. (“Summit”). However, the situation with AOG in 2017 differs from
17 the current situation, for three major reasons:

- 18 1. AOG was granted a *waiver* of its *requirement* to file, as requested by the utility;
19 SUO has made no such request in this Cause.

¹⁰ Cause No. PUD 202000028, Final Order No. 713127.

¹¹ CenterPoint Rider Schedule No. 5, PBRC Plan, ¶5.3.2(b).

CERTIFICATE OF SERVICE

This is to certify that on August 5, 2021, a true and correct copy of the above and foregoing, was sent via electronic mail and/or United States Postal Service, postage fully prepaid thereon to the following interested parties:

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