

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF MIKE HUNTER, THE)
ATTORNEY GENERAL OF OKLAHOMA,)
TO LOWER THE RATES AND CHARGES) CAUSE NO. PUD 201700570
FOR NATURAL GAS SERVICE AND)
PROVIDE FOR ANY REFUND DUE TO THE)
CUSTOMERS OF ARKANSAS OKLAHOMA) ORDER NO. 716127
GAS CORPORATION RESULTING FROM)
THE TAX CUTS AND JOBS ACT OF 2017)

HEARING: December 3, 2020, in Courtroom B (virtual teleconference)
2101 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105
Before Dustin R. Murer, Administrative Law Judge

APPEARANCES: Dara M. Derryberry, Deputy Attorney General, and Jared B. Haines,
Assistant Attorney General *representing* Office of the Attorney General,
State of Oklahoma
Curtis M. Long, Attorney *representing* Arkansas Oklahoma Gas
Corporation
Michael L. Velez, Deputy General Counsel *representing* Public Utility
Division, Oklahoma Corporation Commission

FINAL ORDER GRANTING MOTION FOR FINAL ORDER

The Corporation Commission (“Commission”) of the State of Oklahoma being regularly in session and the undersigned Commissioners present and participating, there comes on for consideration and action a Motion for Final Order (“Motion”) to close this proceeding, filed by the Attorney General of the State of Oklahoma (“Attorney General”) on November 19, 2020.

I. PROCEDURAL HISTORY

The Attorney General filed the Application beginning this case on December 22, 2017. On the same day, the Attorney General filed a Motion for Immediate Reduction in Rates and Protection of Customer Interests, along with a Notice of Hearing setting that motion for hearing on January 4, 2018.

On December 27, 2017, the Attorney General filed a Corrected Notice of Hearing for the Motion for Immediate Reduction in Rates and Protection of Customer Interests.

On December 28, 2017, a document entitled Previous Commission and Attorney General Approaches to Tax Reductions was filed.

On December 29, 2017, a document entitled Asst. AG Butkin and AG Henry Told HOW to Protect Ratepayers in 1991 was filed.

On January 4, 2018, Arkansas Oklahoma Gas Corp. (“AOG”) filed its Response to Attorney General’s Motion for Immediate Reduction in Rates and Protection of Customer Interests. Further, a hearing on the Motion for Immediate Reduction in Rates and Protection of Customer Interests was held on January 4, 2018, and was granted in part and denied in part.

On January 5, 2018, the Attorney General filed a Proposed Interim Order Granting Attorney General’s Motion for Immediate Reduction in Rates and Protection of Customer Interests.

On January 8, 2018, a Deliberations Statement was filed by Corporation Commissioner Bob Anthony.

Also on January 8, 2018, the Attorney General filed a Revised Proposed Interim Order Granting the Attorney General’s Motion for Immediate Reduction in Rates and Protection of Customer Interests.

On January 9, 2018, the Commission issued Order No. 671980 Order on the Attorney General’s Motion for Immediate Reduction in Rates and Protection of Customer Interests.

On January 18, 2018, the Transcript of Signing Agenda on January 9, 2018, was filed.

On January 19, 2018, the Transcript of the Afternoon Proceedings of January 9, 2018, was filed.

On April 17, 2018, the Transcript of Proceedings of January 4, 2018, was filed.

On June 15, 2018, the Attorney General filed a Notice of Withdrawal of Counsel for Katy Evans Boren.

On November 19, 2020, the Attorney General filed the Direct Testimony of Brice D. Betchan.

Also on November 19, 2020, the Attorney General filed a Motion for Final Order along with a Notice of Hearing setting the Motion for Final Order for hearing before the Administrative Law Judge (“ALJ”) on December 3, 2020.

On December 3, 2020, the Attorney General’s Motion for Final Order was heard and recommended.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

THE COMMISSION FINDS that it is vested with jurisdiction over this matter pursuant to Article IX, § 18 of the Oklahoma Constitution and 17 O.S. §§ 151, 152.

The COMMISSION FURTHER FINDS that notice was proper and given according to law and the rules of the Commission.

THE COMMISSION FURTHER FINDS that the Tax Cuts and Jobs Act of 2017 reduced the federal corporate income tax rate from a top rate of 35 percent to a flat rate of 21 percent, effective on January 1, 2018.

THE COMMISSION FURTHER FINDS that the reduction in federal corporate income tax rates resulting from the Tax Cuts and Jobs Act provides reduced tax expenses and new excess tax reserves, which were available to be returned to customers.

THE COMMISSION FURTHER FINDS that its previous order in this proceeding, Order No. 671980, required AOG to record a deferred liability to preserve tax savings until a review of AOG's rates in its next-filed Performance Based Rate ("PBR") change plan proceeding, to include consideration of tax savings.

THE COMMISSION FURTHER FINDS that competent sworn statements have been submitted and should be admitted as evidence that AOG complied with Order No. 671980 in Cause No. PUD 201900028, its next PBR proceeding filed after the entry of Order No. 671980. Through consideration of tax savings in that proceeding and in Cause No. PUD 202000051, the effects of the Tax Cuts and Jobs Act of 2017 on customer rates have therefore been addressed.

THE COMMISSION FURTHER FINDS that this proceeding may be closed due to AOG's compliance with Order No. 671980 and the fulfillment of the Attorney General's requests for relief in this proceeding through the final orders in Cause Nos. PUD 201900028 and PUD 202000051.

ORDER

THE COMMISSION THEREFORE ORDERS that the reduction in federal corporate income tax rates resulting from the Tax Cuts and Jobs Act provides reduced tax expenses and new excess tax reserves, which were available to be returned to customers.

THE COMMISSION FURTHER ORDERS that its previous order in this proceeding, Order No. 671980, required AOG to record a deferred liability to preserve tax savings until a review of AOG's rates in its next-filed PBR change plan proceeding, to include consideration of tax savings.

THE COMMISSION FURTHER FINDS that competent, sworn statements have been submitted and are hereby admitted as evidence that AOG complied with Order No. 671980 in Cause No. PUD 201900028, its next PBR proceeding filed after the entry of Order No. 671980. Through consideration of tax savings in that proceeding and in Cause No. PUD 202000051, the effects of the Tax Cuts and Jobs Act of 2017 on customer rates have therefore been addressed.

THE COMMISSION FURTHER FINDS that this proceeding is hereby closed due to AOG's compliance with Order No. 671980 and the fulfillment of the Attorney General's requests for relief in this proceeding through the final orders in Cause Nos. PUD 201900028 and PUD 202000051.

THIS ORDER SHALL BE EFFECTIVE immediately.

CORPORATION COMMISSION OF OKLAHOMA

J. Todd Hiett

J. TODD HIETT, CHAIRMAN

Bob Anthony

BOB ANTHONY, VICE CHAIRMAN

Dana L. Murphy

DANA L. MURPHY, COMMISSIONER

CERTIFICATION

DONE AND PERFORMED by the Commissioners participating in the making of this Order, as shown by their signatures above, this 30th day of December, 2020.

BY ORDER OF THE COMMISSION:

Peggy Mitchell

PEGGY MITCHELL, Commission Secretary



REPORT OF THE ADMINISTRATIVE LAW JUDGE

The foregoing findings, conclusions, and order are the report and recommendation of the undersigned Administrative Law Judge.

/s/ Dustin Murer
DUSTIN R. MURER
Administrative Law Judge

12-4-2020
Date