

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF OKLAHOMA NATURAL)
GAS COMPANY, A DIVISION OF ONE GAS,)
INC., FOR APPROVAL OF ITS PERFORMANCE)
BASED RATE CHANGE PLAN)
CALCULATIONS FOR THE TWELVE MONTHS)
ENDING DECEMBER 31, 2021, ENERGY)
EFFICIENCY TRUE-UP AND UTILITY)
INCENTIVE ADJUSTMENTS FOR PROGRAM)
YEAR 2021, AND CHANGES OR)
MODIFICATIONS TO ITS TARIFFS)

CAUSE NO. PUD 202200023



APPLICATION

Oklahoma Natural Gas Company, a division of ONE Gas, Inc. (“Oklahoma Natural” or the “Company”) hereby requests an order of the Oklahoma Corporation Commission (“Commission”) approving (a) the calculations for the twelve months ending December 31, 2021, presented by the Company according to the requirements of the Company’s Tariff 1201, also known as the Performance Based Rate Change Tariff (“PBRC Tariff”), (b) the energy efficiency true-up and utility incentive adjustments for program year 2021, and (c) certain modifications to its tariffs. In support of this Application, Oklahoma Natural states as follows:

PARTIES

Oklahoma Natural is a natural gas public utility serving approximately 905,000 residential, commercial, and industrial customers throughout the State of Oklahoma. Its rates, charges, and terms and conditions of service are subject to regulation by the Commission. Oklahoma Natural’s principal office is located at 401 North Harvey Avenue, P.O. Box 401, Oklahoma City, Oklahoma, 73101. The name, address and telephone number of Oklahoma Natural’s counsel of record is stated below.

ALLEGATIONS OF FACT

1. In its Order No. 567498 dated April 30, 2009, in Cause No. PUD 200800348, the Commission approved a Performance Based Rate Change mechanism for the collection of Oklahoma Natural's base rates. Order No. 567498 established a dead-band on either side of an Allowed Return on Equity ("AROE") and a methodology for calculating the Company's Earned Return on Equity ("ER"). The PBRC mechanism established by Order No. 567498 also provided for periodic review, and adjustment if necessary, of base rates if the ER fell outside the dead-band.

2. In its Order No. 721916 dated November 30, 2021, in Cause No. PUD 202100063, Oklahoma Natural's last general rate review, the Commission approved the Company's base rates, an AROE of 9.4% against which the Company's ER would be measured for purposes of adjustments under the PBRC Tariff, and certain changes to other tariffs.

3. In its Order No. 720136 dated August 19, 2021, in Cause No. PUD 202100062, the Commission approved the Company's energy efficiency true-up and utility incentive adjustments for program year 2020.

4. Through the testimony filed in support of this Application by Company witnesses Cory Slaughter, Elizabeth Chandler, Don'ea Mayberry, Amelia Nguyen, Chantel Miller, and Paul Raab, the Company explains its calculation of the ER; proposes adjustments to the ER calculation pursuant to §2(c) of the PBRC Tariff; explains its calculation of the energy efficiency true-up and utility incentive adjustments; and proposes changes to Tariffs 101, 101-V, 102, 102-V, 200-SCI, 200-SCI-V, 200-LCI, 255-T, 291-S, 291-T, 391-T, 601-S, 655-T, 691-T, 691-T2, 705, 1011, 1031, 1053, 1191, and 1201.

5. The ER for the twelve months ending December 31, 2021, was below the AROE of 9.4%, and outside the “dead-band” such that an adjustment to base rates is requested via this Application. Stated differently, the results of the Company’s operations, which were calculated using the same methodology applied in the last general rate change case, were \$19,668,043 below the AROE of 9.4% established by the Commission. Consequently, pursuant to the PBRC Tariff, the Company proposes to increase base rates by \$19,668,043.

6. Oklahoma Natural has invested approximately \$119 million since its last base rate increase, a general rate review with a test year ending December 31, 2020.

7. Pursuant to the PBRC Tariff, the Company proposes an adjustment to its rates to reflect the energy efficiency true-up and utility incentive calculations for program year 2021.

8. With these adjustments, the increase in the monthly bill for an average residential customer is \$1.95 or \$23.40 annually and \$0.51 or \$6.12 annually for a residential low-income customer.

9. Pursuant to Order No. 689337 regarding the Tax Cuts and Jobs Act of 2017, Oklahoma Natural will continue to return to customers excess deferred income taxes (“EDIT”), both protected and unprotected. The one-time annual EDIT credit for 2022 is \$9,129,977, subject to true-up. This EDIT credit equates to an average estimated \$9.43 for a residential customer and \$2.86 for a residential low-income customer. Pursuant to Order No. 701025, the one-time annual EDIT for 2022 will be paid in February 2023.

10. In consideration of the requested base rate increase, the proposed adjustment to reflect the energy efficiency true-up and utility incentive calculations for program year 2021, and the one-time EDIT credit for 2022, the increase in the annual bill for an average residential

customer is \$13.97 or \$1.16 per month and \$3.26 or \$0.27 per month for a residential low-income customer.

11. The Company proposes modifications to Tariff 1201, PBRC Tariff, to reflect that the unprotected cost of removal portion of the EDIT credit is determined using the average rate assumption method (“ARAM”) method.

12. The Company proposes modifications to Tariff 1011, Sales Taxes, Gross Receipts & Franchise Fees and Tariff 1053, Municipal Fees and Taxes to reflect proper formatting of the header and footer.

13. The Company proposes modifications to Tariffs 1031, Special Terms and Conditions-Order of Curtailment, to reflect clean-up and properly include a customer class.

14. The Company proposes the elimination of Tariff 701, Compressed Natural Gas Service-Individual Metering, as it was closed to new customers in 2009 and there are no eligible customers remaining. The elimination of this tariff would also require the removal of references to it within Tariff 1191, Special Terms and Conditions-Lost, Used, and Unaccounted for Gas Rider.

15. Finally, the Company proposes the elimination of Tariff 2002, Credit Application, as it is no longer utilized within credit risk management policies.

LEGAL AUTHORITY

The Commission has authority to grant the relief requested in the Application pursuant to Article 9 of the Oklahoma Constitution, 17 O.S. §151 *et seq.* and Order Nos. 567498, 689337, 701025, 720136, and 721916 referenced above.

RELIEF SOUGHT

The Company requests that the Commission (a) approve the calculations presented by the Company according to the requirements of the PBRC Tariff for the twelve months ending December 31, 2021; (b) approve the energy efficiency true-up and utility incentive adjustments for program year 2021; (c) approve certain modifications to its tariffs; and (d) grant such other and further relief as may be shown to be proper.

OKLAHOMA NATURAL GAS COMPANY

By: /s/ Dustin R. Frederick

Dustin R. Fredrick, OBA #19095
Managing Attorney
401 North Harvey Avenue
Oklahoma City, Oklahoma 73102
(405) 551-6631
(405) 552-1881 (fax)
dustin.fredrick@onegas.com

-and-

Curtis M. Long, OBA #5504
J. DILLON CURRAN, OBA #19442
CONNER & WINTERS, LLP
4000 One Williams Center
Tulsa, Oklahoma 74172
(918) 586-5711
(918) 586-8329 (fax)
clong@cwlaw.com

Attorneys for Oklahoma Natural Gas Company, a
division of ONE Gas, Inc.

CERTIFICATE OF MAILING

I hereby certify that a copy of the foregoing document was served by hand delivery, electronic delivery or United States mail, first class postage paid thereon, on the 15th day of March, 2022, to:

Brandy L. Wreath
Director of Public Utility Division
Oklahoma Corporation Commission
Jim Thorpe Bldg., 4th Floor
P.O. Box 52000-2000
Oklahoma City, Oklahoma 73152-2000

Michael L. Velez
Deputy General Counsel
Oklahoma Corporation Commission
Jim Thorpe Bldg., 4th Floor
P.O. Box 52000-2000
Oklahoma City, Oklahoma 73152-2000

Jared B. Haines
Office of the Attorney General
313 NE 21st Street
Oklahoma City, Oklahoma 73105

Thomas P. Schroedter
Hall Estill Hardwick Gable Golden & Nelson
320 South Boston Avenue, Suite 200
Tulsa, Oklahoma 74103-3706

/s/ Dustin R. Frederick

Dustin R. Fredrick