BEFORE THE CORPORATION COMMISSION OF OKLAHOMA

IN THE MATTER OF THE APPLICATION FOR A CHANGE OR MODIFICATION IN THE RATES, CHARGES AND TARIFFS OF FORT COBB FUEL AUTHORITY, L.L.C.	))))	CAUSE NO. PUD 201400140 ORDER NO. **637181**

MC
NMS

HEARINGS: January 22, 2015 and February 11, 2015, in Courtroom B
2101 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105
Before Mary Candler, Administrative Law Judge

APPEARANCES: Ron Comingdeer and Kendall W. Parrish, Attorneys *representing* Fort Cobb Fuel Authority, L.L.C.
C. Eric Davis, Assistant General Counsel *representing* Public Utility Division, Oklahoma Corporation Commission
Jerry J. Sanger and Erick W. Harris, Assistant Attorneys General *representing* the Office of the Attorney General, State of Oklahoma

FINAL ORDER APPROVING JOINT STIPULATION AND SETTLEMENT AGREEMENT

This cause comes before the Oklahoma Corporation Commission ("Commission") for an Order of the Commission.

I. PROCEDURAL HISTORY

On May 13, 2014, Fort Cobb Fuel Authority, LLC ("Fort Cobb" or "the Company") filed its Notice of Intent to file for rate relief in this Cause.

On May 15 and September 25, 2014, the Attorney General of the State of Oklahoma ("Attorney General") filed Entries of Appearance.

On June 30, 2014, the Company filed its Application.

On July 22, 2014, the Public Utility Division of the Oklahoma Corporation Commission ("PUD") filed its Response Regarding Applicant's Compliance with the Minimum Filing Requirements. PUD determined that Fort Cobb did not substantially comply with the Minimum Filing Requirements set forth in OAC 165:70. PUD also provided the specific deficiencies so that the Company could provide all information required by the Minimum Filing Requirements.

On October 9, 2014, the Company filed a Supplemental Application.

On October 23, 2014, the Company filed a Motion for an Order Prescribing Procedural Schedule. In addition, the Company filed a Motion to Establish Notice Requirements for the Hearing on the Merits on its Supplemental Application for permanent rate relief. Both matters were set for hearing on October 30, 2014, and were heard and recommended at that time.

On November 20, 2014, the Commission issued Order No. 633333, establishing a procedural schedule. This Order also provided that August 29, 2014, was the agreed beginning of the 180 day processing time frame required by 17 O.S. §152(B).

On December 4, 2014, the Public Utility Division ("PUD") filed its Major Issues List.

On December 16, 2014, PUD filed the Responsive Testimonies of Javad Seyedoff, David Garrett, Paul Newmark, Kiran Patel, Tracy Izell, Michael Knapp, Robert Thompson, and Jeremy Schwartz, along with PUD's Accounting Exhibit.

On December 17, 2014, the Company filed its Emergency Application for Interim Rate Relief, pursuant to OAC 165:5-7-50.

On December 30, 2014, the Commission issued Order No. 634617, prescribing notice to be given to customers for the hearings on the Company's requests for interim rate relief and for permanent rate relief.

On December 31, 2014, the Company filed its Notice of Hearing for the Emergency Application for Interim Rate Relief. The Emergency Application was set for hearing on January 15, 2015, and was continued to January 22, 2015.

On January 2, 7, 9, 14, 21, 22 and 30, 2015, public comment was filed.

On January 9, 2015, the Company filed two Affidavits evidencing its mailing of customer notice as required by Order No. 634617. In addition, the Company filed the Rebuttal Testimony of Thomas Hartline.

Also on January 9, 2015, PUD filed the Responsive Testimony of Jeremy Schwartz.

On January 14, 2015, the Attorney General filed the Rate Design Rebuttal Testimony of Edwin Farrar.

Also on January 14, 2015, PUD filed a summary of the pre-filed testimony of Javad Seyedoff.

On January 15, 2015, the Company filed the Rate Design Rebuttal Testimony of Thomas Hartline.

Also on January 15, 2015, PUD filed a Statement of Position.

On January 16, 2015, PUD filed a Motion to Determine Sufficiency of Notice.

Also on January 16, 2015, the Company filed summaries of the prefiled testimonies of Thomas Hartline, as well as an Exhibit List. Likewise, PUD filed summaries of the pre-filed testimonies of Jeremy Schwartz, Michael Knapp, Paul Newmark, Robert Thompson, Tracy Izell, Kiran Patel and David Garrett, as well as an Exhibit List.

On January 20, 2015, PUD filed a Notice of Hearing on its Motion to Determine Sufficiency of Notice. The matter was set for hearing on January 22, 2015 and was heard and recommended at that time.

Also on January 20, 2015, the Attorney General filed a summary of the Rate Design Rebuttal Testimony of Edwin Farrar.

On January 22, 2015, the Administrative Law Judge ("ALJ") opened the record and heard arguments of counsel on PUD's Motion to Determine Sufficiency of Notice. The ALJ asked if there were any customers present who wished to make public comment. There were none. After hearing arguments of counsel on PUD's Motion to Determine Sufficiency of Notice, the ALJ ruled that notice was not sufficient and ordered the Company to mail additional notice to its customers, and continued the hearing to February 11, 2015, at 10:30 a.m.

On February 2, 2015, a Joint Stipulation and Settlement Agreement ("Stipulation") was filed, which Stipulation was signed by the Company, the Attorney General, and PUD. This Stipulation is attached hereto as Attachment B.

On February 4, 2015, the Company filed two Affidavits evidencing that notice was provided as required by the ALJ on January 22, 2015.

On February 6, 10 and 11, 2015, public comment was filed.

On February 9, 2015, PUD filed its Testimony in Support of Joint Stipulation and Settlement Agreement.

On February 11, 2015, the Hearing on the Merits was reconvened. At the beginning of the hearing, two of the Company's customers who were present, Joe Bob Pruitt and James Taylor, were allowed to offer oral public comment. Their public comment included assertions that the Company's rates are already too high, that installation of an alternative heat source (such as propane) would be prohibitively expensive, that nearby ONG customers pay significantly less for gas than Fort Cobb's customers, that information concerning the Company's purchased gas adjustment clause should be more readily available on the Company's website, and that the Company's requested rate of return was too high. After public comment was received, the ALJ heard testimony from the parties supporting the Stipulation filed February 2, 2015. Following the presentation of testimony, the Attorney General stated that he maintained his support of the Stipulation.

II. <u>SUMMARY OF THE EVIDENCE IN SUPPORT OF THE STIPULATION</u>

Summaries of the pre-filed testimonies of the parties, as well as testimony presented at the Hearing on the Merits on February 11, 2015, are available in Attachment "A" hereto. Additional testimony and cross-examination is available from the transcript. Testimony summaries included below reflect testimony offered at the Hearing on the Merits on February 11, 2015.

Thomas Hartline (Fort Cobb)

Mr. Hartline testified on behalf of the Company and stated that the Stipulating Parties requested the Commission to approve the parties' compromise of the issues presented in this Cause as set forth in the Joint Stipulation and Settlement Agreement. Mr. Hartline further testified that the Stipulating Parties represent to the Commission that the Joint Stipulation and Settlement Agreement represents a fair, just and reasonable settlement of the issues, and that the terms and conditions are in the public interest. Mr. Hartline urged the Commission to issue an order in this Cause adopting and approving the Joint Stipulation and Settlement Agreement in its entirety.

Mr. Hartline summarized the Joint Stipulation and Settlement Agreement by stating the parties agreed to the total revenue requirement of $3,745,000, excluding the cost of gas; that the parties agree to tariff rates and structures reflected on the tariff sheets marked as Exhibit "1" to the Joint Stipulation and Settlement Agreement; and that the new tariff rates and structures reflect the parties' next step to continue the process begun in Cause No. PUD 201000026 to unify the customer class rates and structures of the Fort Cobb and former LeAnn Gas Company class rates and structures. He stated that the parties believe it is in the best interest of the customers and the Company to continue the move toward the unification of the class rates and structures in future causes; and that the Stipulating Parties further agree that every residential and commercial customer bill, every month, shall include language making it clear that the first five Ccfs are charged on a "per Ccf" basis. Mr. Hartline concluded by stating that the Joint Stipulation and Settlement Agreement resolves the Company's request for interim and permanent rate relief requested by the Company in this Cause.

Jeremy Schwartz (PUD)

At the hearing on the merits, Mr. Schwartz testified in support of the parties' Stipulation. Mr. Schwartz summarized PUD's role in a rate case such as this one, which includes balancing the interests of the Company and its customers. He also summarized PUD's extensive review process, which included several on-site visits to the Company's counsel's office in Oklahoma City, OK; two on-site visits to the Company's Oklahoma headquarters in Eakly, Oklahoma; and a visit to the Company's corporate headquarters in Costa Mesa, CA.

Mr. Schwartz acknowledged that PUD, the Attorney General, and the Company agreed to a revenue requirement amount of $3,745,000, a figure which was significantly lower than that requested by the Company in its original and supplemental applications.

Mr. Schwartz then detailed the parties' agreed-upon rate design and resulting customer impacts, as well as changes to the Company's rate structure, all as detailed in PUD's Testimony in Support of the Stipulation.

Mr. Schwartz testified that PUD believes that all parties to this Cause made a good faith effort to settle the issues in this Cause in a manner that was beneficial to all, and that the resulting Stipulation is one that is fair, just, and reasonable, and in the public interest. He stated that the agreement was based on a revenue requirement that will allow the Company to provide safe and reliable service to its ratepayers.

Robert Thompson (PUD)

In response to questioning from the ALJ, Mr. Robert Thompson testified at the hearing that he was involved in the Cause, that the Stipulation represented a resolution of all issues, and that there was evidence to support the agreed-upon revenue requirement.

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

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

THE COMMISSION FURTHER FINDS that notice has been properly given in accordance with OAC 165:5-7-51.

THE COMMISSION FURTHER FINDS that the Stipulating Parties executed a Joint Stipulation and Settlement Agreement, attached hereto as Attachment "B," and incorporated herein by reference.

THE COMMISSION FURTHER FINDS that the Joint Stipulation and Settlement Agreement reflects a full, final, and complete settlement of all issues in this proceeding.

THE COMMISSION FURTHER FINDS that based upon the record, the Joint Stipulation and Settlement Agreement is in the public interest and should be adopted by order of this Commission.

THE COMMISSION FURTHER FINDS that Fort Cobb shall submit a revised tariff consistent with the findings herein to the Director of the Public Utility Division and such tariff shall become effective on the date the Director of the Public Utility Division approves the tariff in conformance with this Order.

ORDER

THE COMMISSION THEREFORE ORDERS that the Joint Stipulation and Settlement Agreement, attached hereto as Attachment "B," should be and the same is hereby approved.

THE COMMISSION FURTHER ORDERS that the findings of fact and conclusions of law, set forth above, are hereby adopted as the Order of the Commission.

THE COMMISSION FURTHER ORDERS that Fort Cobb shall submit a revised tariff consistent with the findings herein to the Director of the Public Utility Division and such tariff shall become effective on the date the Director of the Public Utility Division approves the tariff in conformance with this Order.

THIS ORDER SHALL BE EFFECTIVE immediately.

OKLAHOMA CORPORATION COMMISSION

Bob Anthony

BOB ANTHONY, Chairman

Dana L. Murphy

DANA L. MURPHY, Vice Chairman

J. Todd Hiett

J. TODD HIETT, Commissioner

CERTIFICATION

DONE AND PERFORMED by the Commissioners participating in the making of this Order, as shown by their signatures above, this 3 day of March, 2015.

[Seal]

Peggy Mitchell

PEGGY MITCHELL, Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

The foregoing findings, conclusions and order are the report and recommendation of the undersigned administrative law judge.

Mary Candler

MARY CANDLER
Administrative Law Judge

2/26/15

DATE

Attachment "A"

<u>TESTIMONY SUMMARIES OF THE PARTIES</u>

Testimony of Fort Cobb Fuel Authority, L.L.C.

<u>Supplemental Testimony of Thomas Hartline filed October 9, 2014</u>

Mr. Thomas Hartline testified on behalf of Fort Cobb Fuel Authority, LLC ("FCFA" or "Fort Cobb") that he is the Chief Financial Officer, Secretary and Treasurer of Fort Cobb. Mr. Hartline testified about the operations of Fort Cobb and about sponsoring the supplemental schedules contained in the supplemental application filed in this cause. Mr. Hartline further testified the FCFA's basic request remains the same as filed in the Application package filed on June 30, 2014, except corrections for some errors found that reduced the requested revenue requirement to $4,564,810 as reflected in the supplemental schedules marked as Attachment A attached to his testimony. Mr. Hartline further testified that his supplemental testimony did not replace the testimony filed on June, 2014; however he made some corrections to the pro forma numbers found in the original schedules filed with the Application filing package on June 30, 2014, to reflect FCFA's response to the Public Utility Division's ("PUD") response to the Application filing package filed on July 22, 2014, and to correct errors discovered during the PUD staff's audit process. Mr. Hartline testified except as specifically stated in the supplemental filing, the company's previous filings including his testimony and schedules attached to the June 30, 2014, filing remain the same. Mr. Hartline testified that he appreciated the way PUD staff has worked with Fort Cobb and how it had allowed them to move this case forward. He testified that too often PUD staff's efforts go unrecognized and he wanted to give proper recognition to Mr. Thompson and his staff for working with the company to make sure PUD staff has all the information they need to complete their audit for this cause. Mr. Hartline testified that more significant corrections made were to reflect adjustments associated with the acquisition adjustment made in previous rate cases and to properly reflect interest expense as a non-operating expense. Mr. Hartline further testified that FCFA had also updated the cost of service study based on information provided to them by the PUD staff. Mr. Hartline testified that based on the adjustments made, FCFA is requesting an increase in rates that will produce, based on test year data, an annual revenue requirement of $4,564,810. Based on this revenue requirement, FCFA has revised their proposed tariff by adjusting rates to produce annualized revenue slightly under this figure. He stated that the revised tariff was attached to his filed testimony.

Mr. Hartline testified that Schedule B-1 shows the pro forma rate base of $7,028,786 which is derived from Section B Schedule 2. Mr. Thomas further testified that he then applied a reasonable rate of return and calculated the additional federal and state income taxes to arrive at the total annual revenue requirements for all of the Company's natural gas operations in Oklahoma of $4,564,810.

Mr. Hartline testified that the Supplemental Schedule B-2 shows the pro forma rate base of $7,028,786. It is comprised of $6,727,969 of net plant with the balance being other rate base. Supplemental Schedule C-1 reflects the acquisition adjustment from previous rate cases and results in the proforma plant in service as December 31, 2013 of $13,259,144. Schedule D-1 calculates the accumulated depreciation recognizing the acquisition adjustment previously referenced. Mr. Hartline testified that the Supplemental Schedule E-1 reflects the cash working capital based on the adjustments made on supplemental schedule H-1. Mr. Hartline testified that the Supplemental Schedule F-1 reflects the weighted average cost of capital. The Company utilized its actual capital structure to derive a reasonable return on rate base, which the Company believes represents a fair return on stockholder's equity. Mr. Hartline testified that he did make an adjustment to the company proforma common stock amount due to the personal guarantees provided by the investors on the debt of the Company. The 2% adjustment was used in Cause PUD 201000026 & PUD 201000022 as well as in a Tennessee rate case with the Company. He testified that the Company's requested return is comparable to returns on investment demanded by investors in small, closely held rural capital-intensive industries facing increasing competitive pressures across energy sources. Mr. Hartline testified that the Supplemental Schedule H-1 is the statement of actual and pro forma income and expenses per books for the test year ended December 31, 2013, and reflects pro forma adjustments resulting in a pro forma test year income and pro forma total revenues and pro forma expenses. Further, the Schedule also contains footnotes which describe the pro forma adjustments made by the Company. Mr. Hartline testified that the Supplemental Schedule I-1 shows our depreciation expense. The Company adjusted this schedule to reflect the depreciation rates proposed by staff in Causes PUD 201000026 & PUD 201000022. Mr. Hartline testified that the Supplemental Schedule J explains the income tax impact on Fort Cobb associated with the supplemental schedules. Mr. Hartline testified that the Supplemental Section L contains summaries of the proposed rate design cost of service information. Mr. Hartline testified that the Supplemental Schedule M is the pro forma revenue summary which reflects the revenues produced from the current rates and the revenues that would be produced from our proposed rates. This Schedule shows an annual revenue increase of approximately 1.244 million dollars.

Mr. Hartline testified that the Supplemental Schedule N contains the proposed rates by customer class which the Company requests the Commission to approve in this cause. Also contained in this supplemental schedule is the company revised tariff which includes a surcharge previously approved with modifications requested in Cause PUD 201400134. The proposed changes to our currently approved tariff are reflected as redline edits on the tariff marked as Attachment B attached to his filed testimony.

<u>Rebuttal Testimony of Thomas Hartline filed January 9, 2015</u>

Mr. Hartline testified that he had read the testimony of the Commission staff that was filed in this Cause and that he understood the testimony of Commission Staff on Page 7 of the PUD Accounting Exhibit outlined adjustments B-1 through B-5 as well as H-1 through H-9. He also testified that in addition staff had adjusted the rate of return and the tax rate.

Mr. Hartline further testified that the Company agrees with H-1 & H-8 and will not dispute H-3 & H-4. Mr. Hartline testified that B-3 and B-4 are simply calculations which are affected by certain other changes but the method of calculation is not in question. Mr. Hartline testified that staff had significantly adjusted the inputs to the weighted cost of capital (WACC), which he would discuss later in his testimony. When this change, which involved using a different method to value the personal guarantees provided by the owners for the debt of the Company, proliferated through the accounting exhibit, it artificially decreased the amount of interest expense experienced by the Company which in turn artificially decreased the cash working capital amount. The Company requests that the actual interest expense as shown in WP F-3 be restored to the Cash Working Capital calculation.

Mr. Hartline testified that the issue with regard to B-2 and B-5 is simply a matter of consistency in that the Oklahoma Corporation Commission should have a set policy with regard to either the 13-month average or the test year-end balance or at the very least choose one or the other consistently throughout a case. Since in all other instances in this case the Commission has used the 13-month average the Company requests they do the same with regard to B-2 Customer Deposits and restore $3,720 to the rate base. Likewise, rather than looking twelve-months past the test year-end for B-5 the Company again requests consistency in using the 13-month average and change the adjustment amount from $100,000 to $81,251.

Mr. Hartline testified that the elimination of the WinStar system is simply a result of the timing of the ramp-up of the flow off-take in relation to the test case year. The revenue over the last twelve-months is 60% greater than the revenue during the test case year; however, this is eleven-months passed the test case year. The Company is confident that going forward this significant investment in what effectively is one of the larger cities in Oklahoma will prove a prudent choice and a wise step in offsetting the loss of customers due to declining rural populations. However, due to the six-month limitation post test case year, the staff was unable to examine the long-term effects of the system. Obviously it is not the intent of the Commission to discourage investment in Oklahoma. The Company does want to be sure that when the system is brought into the rate base it will start at its full-undepreciated-amount, such that the Company will be able to fully recover on its investment and requests that such an agreement be acknowledged.

Mr. Hartline testified in H-1 System the revenues from the WinStar system are $143,954. The Company requests the adjustment listed at $132,000 be revised to this actual amount during the test case year.

Mr. Hartline testified that the nature of the issue in adjustment H-5 was that there are two components in H-5 to address, consultant Bill Phelps and consultant Tri-Star Energy. With regard to Bill Phelps while he is not a lobbyist for the Company, a portion of his billing is for work with the legislature. During the months of January through May Mr. Phelps is compensated an additional $1500 for this work. Throughout the year Mr. Phelps is compensated $1000 per month for operational expertise consulting. For example, Mr. Phelps represented the Company at the excavation rules work headed by Commissioner Murphy. The Company was not aware his legislative work was not allowed for recovery; however, Mr. Phelps' operational expertise is well known by the Commission and the Company request $12,000 be restored.

Mr. Hartline further testified with regard to Tri-Star the Company provided information as to the substantial and ongoing services provided under the five-year contract, which began in 2013. The Company believes this is mainly a calculation issue in that the analyst averaged the outside services amount for the prior three-years. However, since Tri-Star began in year-three and is ongoing their $48,000 annual compliance expense was only recognized at $16,000. The Company requests that $32,000 be restored. Finally, the Company believes the adjustment was not reduced to the 83.63% allocated to the rate payers of Oklahoma. Such that, assuming an acceptance of the aforementioned the H-5 adjustment should be reduced from $87,533 to $36,407.

Mr. Hartline testified the Company operates in multiple jurisdictions with certain expenses being allocated on the basis of customer count. Thus only $0.8363 of each allocated dollar is charged to Oklahoma rate payers. Certain Commission staff took this into account when calculating their adjustment, for example Kiran Patel in H-2 through H-4, whereas, other adjustments, the aforementioned H-5 as well as H-6 and H-7, were not adjusted for allocation.

Mr. Hartline then summarized by stating that even if agreement cannot be reached on the merits of the arguments of the Company the allocation adjustment only is as follows:

H-5 from $87,533 to $73,204

H-6 from $229,584 to 192,001

H-7 from $11,387 to 9,523

Mr. Hartline further testified the Company strongly disagrees on the issues contained in adjustment H-6 and H-7; 1) is Mr. Varner an employee, 2) at what amount should Mr. Hartline be compensated.

Mr. Hartline further testified that with regard to the status of Mr. Varner as an employee, the Company points out the following facts. When Navitas Assets acquired Fort Cobb Fuel Authority, a 1500 customer system, from Gateway in 2007 the Commission had recognized the two executives of Gateway, Bob Panico and Chris Rasmussen, in the 2006 rate case. When Navitas Assets acquired the assets of LeAnn Gas Company, a 2000 customer system, from Utility Management Company in 2009 the Commission recognized the two executives of Utility Management, Jim Anderson and Dave Anderson, in the 2008 rate case. In the 2010 cause the Commission recognized and the contested revenue requirement order before the ALJ included the salaries of Mr. Varner and Mr. Hartline. In the 2012 case the Tennessee Regulatory Authority recognized the salaries of Mr. Varner and Mr. Hartline. Thus there is substantial precedent for both Fort Cobb Fuel Authority to have two executives and for Mr. Varner and Mr. Hartline to be accepted as employees.

Mr. Hartline further testified that in addition to historical norms, a multi-jurisdiction, multi-subsystem, thirty-plus employee utility must have two-executives as how could it otherwise responsibly operate when one of the executives is traveling to another jurisdiction, on vacation, or otherwise unavailable.

Moreover given our size and breadth the Company splits the executive and management duties between the two executives such that Mr. Varner is either directly responsible for or participates in the functions of risk management, safety, legal (non-regulatory), financing (i.e.-cash flow) & bank relations, human resources & business policy, gas purchasing, strategy & customer growth. If the Company understands the analysis of staff then executive and management oversight of legal, cash flow, human resources, gas purchasing, and customer growth do not benefit the rate payer. First and foremost without gas purchasing the rate payer receives nothing. Mr. Hartline further testified that the other listed executive duties of Mr. Varner are legal and practical requirements of operating a business (i.e. – it is either legally or practically required of the Company to operate safely). Mr. Hartline testified that the Company believes that if as a business it is legally and/or practically required to have a functional area then it also must have an executive responsible for that functional area.

Mr. Hartline testified summarizing the Fair Labor Standards Act (29 CFR Part 541) in defining an exempt executive employee a specific delineation is made for employees who own at least 20% interest in the enterprise and are actively engaged in management. Continuing, all executives primarily tasked with management of the enterprise; regularly directing the work or two or more employees; has the authority to hire, fire, or advance other employees. As an owner of 87.5% of the overall enterprise, with significant functional area responsibility, and with the direct reports during the test case year of Joe Irwin, Chris Dodge, and Gaylord Flood; two of who Mr. Varner directly hired (and the other indirectly through an acquisition), Mr. Varner passes all the Federal standards as an exempt executive employee.

Mr. Hartline further testified given his management duties to the Company, location at the Company headquarters, travel on behalf of the Company during the test case year, and no other visible means of employment (e.g. – no other W-2 wages) it is likely that in the absence of a wage from the Company the IRS would impute a wage during an audit. This imputed wage (for the purpose of assessing payroll tax) would likely be set at the maximum FICA wage, which during the test case year was $113,700 (set to be $118,500 in 2015).

Mr. Hartline testified there is a very troubling aspect to the position of staff with regard to Mr. Varner and he hesitated to even contemplate it as he is certain that a) it is not intentional and b) it is likely that staff does not understand its implication. Mr. Hartline further testified that that in the past staff has questioned the (advanced) age of Company employees and if those employees are still effective. Age is a huge driver of our healthcare costs and Mr. Varner, having entered his seventh decade, incurs substantially greater healthcare charges. Obviously as a Company we cannot even think about such issues without being open to age discrimination violations.

Mr. Hartline further testified that Mr. Varner is an employee, he is tasked with the responsibilities of an executive, as an executive he is a signatory and is often called on as such, he has personnel reporting to him and management areas to which he is responsible, and he receives a W-2. It is the opinion of the Company, that in accordance with the law, the duties tasked to Mr. Varner as an exempt employee can reasonably be expected to be completed in a forty-hour workweek. Since staff only took issue with the status of Mr. Varner as an employee and not his level of compensation then we are to assume that if he is found to be an employee the entire amount of his compensation, benefits, and taxes are to be restored without adjustment.

Mr. Hartline testified that with regard to what level he should be compensated, consider one of the historic norms above, his level of compensation in the 2010 case. For the prior test year Mr. Hartline ended 2009 at $197,165. For the 2013 test case year Mr. Hartline ended the year at $198,163. However, due to the allocation of a portion to the other jurisdictions (which was not applicable in PUD200900010) compensation by the Oklahoma rate payer declined to approximately $165,724 for the 2013 test case year.

Mr. Hartline testified that Staff compared him to other gas managers in the State of Oklahoma to calculate the $80,000 reduction to his compensation. Mr. Hartline testified that this examination is incorrect as Mr. Hartline is an executive not a manager with levels of duties and responsibilities beyond that of a manager. An administrative manager (again summarizing FLSA 29 CFR Part 541) performs office work related to general business operations and exercises discretion and independent judgment with respect to the management of the business or its customers. He testified that while he does display these aspects he also performs in the manner of an executive as described above with hiring, firing, and wage responsibility as well as numerous direct reports of department heads throughout the Company.

Mr. Hartline testified that staff has suggested that he should reasonably be expected to live in Oklahoma or at least one of the jurisdictions in which Navitas has operations. He stated that this is an interesting notion for a number of reasons. First, wages and salaries in Tennessee are substantially greater than Oklahoma and wages and salaries in Kentucky are substantially greater again than in Tennessee. A salary survey provided to the Company by PayChex of chief executives in Lexington Kentucky places the median at $172,120. Similarly, top Lexington Kentucky financial managers receive $174,680 annually. Mr. Hartline testified that staff acknowledged it would not be unreasonable to allow an amount substantially beyond what they have suggested, which would be applicable to another jurisdiction. Second, and this issue seems to come up time and time again, not a single soul in Oklahoma sought to invest in any of the twenty-two sub-systems the Company has in Oklahoma. Thus all empirical evidence suggests the exact contrary position to the Oklahoma residency requirement by staff.

Mr. Hartline testified that staff made a specious argument in testimony that Mr. Hartline should be compensated at $65,000. Mr. Hartline stated that this argument is most telling as to the lack of seriousness and quality with regard to the analysis of this issue. As such the Company requested PUD adjustments H-2, H-6, and H-7 be rejected.

Mr. Hartline testified at issue is what combined federal and state income tax rate is applicable. The calculation is as follows: Federal rate + (State rate x (1-Federal rate)).

As submitted the Company used the top marginal corporate rates as follows:

$35\% + (6\% \times (1\text{-}35\%)) = 38.9\%$

Mr. Hartline testified that Staff has taken issue with three aspects of the calculation, 1) are corporate rates applicable, 2) if individual rates are applicable then what state should be used, 3) which income gets taxed as the first dollar.

Mr. Hartline further testified that it is the opinion of the Company that the Commission should have a set and consistent policy of applying corporate tax rates to all jurisdictional entities. To do otherwise subverts other State public policy establishing LLC and S-corp tax treatment, creates an incongruity of knowingly trading one incorrect assumption for another (namely applying Oklahoma State income tax rates to individuals residing in another State), diminishes the pay of the individuals and their spouses by pushing wage earnings into higher tax brackets and potentially takes legally favored tax treatment from other investments (i.e. – tax free municipal bond income). Finally, it is a complicated exercise of guesswork creating uncertainty and discouraging investment in Oklahoma.

Mr. Hartline further testified that Corporate rates are applicable because: a) historically in Oklahoma and other jurisdictions that has been the treatment applied; b) C-corp tax treatment is available to the Company with a nearly instantaneous selection; c) it creates certainty and fairness.

Mr. Hartline testified that if the Commission elects to apply individual rates then it should do so at the State rates applicable to the investors, which would be the California rate in excess of 10%.

Mr. Hartline further testified that if the Commission elects to apply individual rates then it should not try to divine which income is the first dollar but rather apply all at the top marginal rate of 39.6%

Mr. Hartline testified the Company would like to make a change to the submitted rate. Since all corporate income between $335,000 and $10,000,000 is taxed at an effective rate of 34% the calculation is as follows: 34% + (6% x (1-34%)) = 37.96%

Mr. Hartline testified that he had reviewed the testimony filed by Michael K. Knapp on behalf of the PUD.

Mr. Hartline testified that he did agree with Dr. Knapp's testimony where he recites the U.S. Supreme Courts holding regarding guidelines to determine a fair rate of return. On page 6 of his testimony he recites the Supreme Court as holding that, "From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business. These include *service on the debt and dividends on the stock…*" Mr. Hartline further testified that he did not agree with his conclusion that a return on equity of 10.5% and corresponding return on investment of 8.52% accomplishes these objectives.

Mr. Hartline testified that although he did not have a degree in economics as does Dr. Knapp he does have a significant amount of business experience and Mr. Varner, a shareholder and employee of Navitas has extensive experience in the financial markets. Our experience has proven to that to properly operate a regulated public utility the company needs sufficient revenues to pay the operating expenses, service on the debt and dividends on the stock regardless what the formulas may show. Mr. Hartline further testified that he wanted to be clear regarding the basis for the requested 14% return on equity (ROE). As stated in response to Data Request MKK-1 from the PUD, our support for our requested 14% ROE is premised on the testimony of Chris Klein, PhD filed on behalf of the Tennessee Consumer Advocate in a recent rate case for our operations in Tennessee. Mr. Hartline stated that Dr. Klein determined a cost of equity for Fort Cobb's Tennessee operations of 15.4% based on a times interest earned ratio (TIER) of 2.0. Mr. Hartline testified that he provided a copy of Dr. Klein's testimony with his response to MKK-1. In making this determination Dr. Klein relied on the same cost of capital concepts as did Dr. Knapp[1] in his analysis. That is both relied on the economic principles for determining the allowed rate of return set out by the U.S Supreme Court in *Bluefield Water Works v. P.S.C* (262 U.S. 679, 1923) and *P.P.C. v. Hope Natural Gas Co.* (320 U.S. 591, 1944). Both Dr. Knapp and Dr. Klein selected a group of comparable companies upon which they conducted their respective evaluations.[2] The results of Dr. Knapp's analysis being his recommendation of a 10.5% ROE, while Dr. Klein concluded that a comparable firms analysis of the cost of equity using stock market data is not possible for Fort Cobb but stated an equity return consistent with a comparable interest coverage ratio can be done[3]. Mr. Hartline testified that Dr. Klein then recommended a cost of equity be set to yield an after-tax interest coverage ratio of 2.0. Mr. Hartline stated that Dr. Klein's recommendation of a times interest earned ratio (TIER) resulted in a rate of return on equity for Fort Cobb of 15.4%. The Oklahoma Commission recognizes and has used the TIER method in other rate cases. The most recent Mr. Hartline could find is PUD 201400100. In that case the Dr. Knapp recommended a 1.5 TIER rather than using the comparable companies' methodology.

Mr. Hartline stated that Dr. Knapp testified that for all appearances the water utility should be treated as a coop. It appears that Dr. Knapp based his decision on the small size of the utility as well as the methods it uses to obtain capital. Mr. Hartline testified that as he read Dr. Knapp's testimony to state that since the utility does not go to the public market for equity funding and its source of debt funding is not obtained in the traditional manner, that the TIER method should be used in place of the comparable company analysis. Mr. Hartline testified that he believed Fort Cobb is similar to the utility in PUD 201400100 in that the Company does not go to the public market to get equity capital and since our owners must personally guarantee our debt we certainly do not obtain debt funding in the traditional way. Mr. Hartline testified that it makes sense to use the TIER method or make adjustments to the comparable company method to recognize the many differences between Fort Cobb and the selected group of comparable companies used by Dr. Knapp in this analysis. It is also important to note the Commission adopted the 1.5 TIER coverage requirements in Order Number 632955 as agreed to by the parties in that Cause. Mr. Hartline testified he prepared a schedule that show the additional revenues Ft Cobb would need based on accepting the PUD adjustments H-1, H-3, H-4 and H-8 as set forth above, adjusting out the WinStar revenue to be consistent with PUD's removal the WinStar pipeline and using our actual annual interest expense adjusted to remove the interest expense associated with the WinStar pipeline of $101,226. That schedule was attached to Mr. Hartline's testimony as Attachment A. Mr. Hartline further testified that it is easily seen that the 2.0 TIER recommended by Dr. Klein and adopted by the Tennessee Regulatory Authority results in additional annual revenues of $1.023 million. This shows that under either the rate of return calculation or TIER the Company needs in excess of $1,000,000 of additional annual revenue. Mr. Hartline testified that he believed this supported FCFA's position for the request of additional annual revenue of $1.2 million.

Mr. Hartline testified while in preparing his rebuttal testimony he reviewed the rate of return testimony filed in PUD 201100087 and Order Number 632955 issued in that Cause. In

[1] See Responsive Testimony of Michael K. Knapp filed December 16, 2014 in this Cause, beginning at page 5
[2] See Responsive Testimony of Michael K. Knapp filed December 16, 2014 in this Cause, beginning at page 7.
[3] Pre-Filed Direct Testimony of Christopher C. Klein, PH.D. on Behalf of the Tennessee Attorney General Consumer Advocate and Protection Division, November 15, 2012 filed in Docket No. 12-00068 Before the Tennessee Regulatory Authority, Nashville, Tennessee at page 11.

that Cause PUD witness Nicholas Fiegel did, at least as it appeared to him, a similar comparable company analysis using the same principals as did Dr. Knapp in this cause. In PUD 201100087 PUD's witness stated that "a size premium is added to compensate for OG&E's size (a small utility company) relative to the proxy group (large companies)."[4] Beginning on page 7 of Dr. Knapp's filed testimony he describes the methodology he used to arrive at his recommendation for Fort Cobb's cost of capital and on page 13 of his testimony he identified his chosen comparable companies. He identified his choice of "comparable natural gas distribution companies" upon which he conducted his analysis as AGL Resources, Atmos Energy, Laclede Group, New Jersey Resources, Northwest Natural Gas, Piedmont Natural Gas, South Jersey Industries, Southwest Gas and WGL Holdings. Mr. Hartline testified that he did quick survey of publically available data on each of the chosen "comparable natural gas companies" and found there are substantial differences between Fort Cobb and its operations and the each of the chosen comparable natural gas companies. First each of the "comparable natural gas companies" is publically traded where Fort Cobb is not. Secondly, each of the "comparable natural gas companies" has substantially more customers, some have combination electric and gas utility operations while others have operations in addition to their utility operations. Fort Cobb only operates small natural gas utility systems and is not truly comparable to the chosen comparable natural gas companies used by Dr. Knapp in his analysis. Mr. Hartline testified that the summary of his findings of the comparable companies are reflected on Attachment B. Clearly, if OG&E is small compared to the comparable companies used by PUD in their analysis in PUD 201100087, then FCFA is very small as compared to the companies chosen and used by Dr. Knapp in his analysis in this Cause and thus the ROE arrived at by Dr. Knapp should be adjusted upward. Additionally, it is important to note that in the final order issued in PUD 201100087 the Commission adopted a ROE of 10.2% which was higher than the 9.81% recommended by PUD in filed testimony.

Mr. Hartline testified that Dr. Knapp stated in his testimony that he believes that a rate of return is "fair" if it provides earnings to investors similar to returns on alternative investments in companies of equivalent or comparable risk and provide investors adequate compensation for the risk they assume and to give Fort Cobb the ability to attract capital. Mr. Hartline further testified as he stated in his testimony filed in this Cause in the request for interim rate relief, in 2013 the Company implemented a line of credit for operations <u>guaranteed by the principals</u> in the amount of approximately $550,000. However, that line of credit is effectively overdrawn by $75,000 with $625,000 of operating capital drawn to support the operations of the Company. This line of credit must be paid down to $550,000 immediately and revolve within a twelve month period which expired mid-spring. Without additional capital now the bank will cancel this line making it virtually impossible to cash flow the business through the slow sales months until next December. Additionally, the principals of the Company have contributed significant equity capital over the past two-years with at least one of the principals borrowing against his 401K and fully drawing on a credit card to fund additional capital requirements. Another principal has loaned the Company over $300,000 in 2014 for working capital needs. With no more funds available to contribute or loan to the venture the principals believe the utility needs to operate under its own cash flow and move the Company where it has sufficient earnings to repay its debt and be able to pay a reasonable dividend to our shareholders. Mr. Hartline testified that

---

[4] Pre-Filed Responsive Testimony of Nicholas Fiegel, MBA, filed on November 9, 2011 IN PUD 201100087 beginning on line 15, page 3.

the Company must have net income after tax annually sufficient to pay the interest expense of $354,290 and have the opportunity to pay the shareholders a dividend. He stated that this is in line with Dr. Knapp's testimony to provide investors adequate compensation for the risk they assume and to give Fort Cobb the ability to attract capital. Therefore, he still supports the 14% rate of return on equity requested or in the alternative a 2.0 TIER. Using either method FCFA should receive an additional $1 million plus in annual revenue.

Rate Design Rebuttal Testimony of Thomas Hartline filed January 15, 2015

Mr. Hartline identified issues with regard to revenue requirement that remain at issue based on PUD's filed testimony. He stated that the Company and Staff have had limited discussion regarding these issues to date but there are several particular aspects of the rate design testimony that need to be addressed. Regarding the design of the rates in particular he addressed the need for summer cash flow as well as competitive alternatives to natural gas. He testified that the principle area at issue is utilizing the proper amount of billing determinants. This issue is critically important in determining if FCFA can earn the revenue requirement. He testified that a severe overestimation of billing determinants in the last rate case has dramatically affected the ability of the Company to achieve the revenue requirement laid out in case PUD 2010 00026. Mr. Hartline further explained the issues with regard to the revenue requirement addressed in the testimony of Jeremy Schwartz on behalf of the PUD. Mr. Hartline stated that in his previous rebuttal testimony he discussed the issue of allocation in that for many charges Oklahoma is only allocated 83.63% of each expense dollar. He testified that he identified a number of areas where this occurred; however, Mr. Schwartz only added back one of the areas leaving the remaining outstanding. Additionally, the Company demonstrated that only a portion of the revenues from the WinStar system were removed from staff exhibits and this was not corrected. Also, Mr. Schwartz's calculations used the actual terms and conditions revenue versus using the adjusted terms and conditions revenue recognized in other PUD staff testimony. And the rate design figures also included the WinStar terms and conditions revenue, which should be removed to be consistent with other PUD witness testimony. Mr. Hartline also discussed a number of factors that have been consistently put forth by the Company to staff over the years. He testified of the need for additional cash flow in the summer as he addressed in PUD201300071; the competitive environment with the unregulated electric co-ops; the goal of moving Fort Cobb and LeAnn rates together; our competitive environment with propane; and intermittent use of the agricultural users. He testified that it appears that proper weight was not given to most if not all of these issues in PUD's proposed rate design. He testified that there is a small group of very vocal, organized customers, generally living proximate to each other in a tony enclave, led by a verbally abusive former customer that appears to inundates staff with complaints and it seems staff is trying to placate these complaints by their residential rate design choice. He testified that this approach is a wrong course of action and is at the expense of the seasonal needs of many of my residential and agricultural customers and the cash flow needs of the Company. He testified that the Company needs tiered rate structures. He stated that tiered rates are the appropriate bridge between flow based rates and fixed recovery based rates. He testified that FCFA's rate design needs to accomplish four goals: 1) customer retention, 2) sufficient cash flow, 3) competitive pricing, 4) dynamic non-cross-class-subsidization. Mr. Hartline then testified that the company's customers have more viable energy choices than their urban counterparts. First, the vast majority of Oklahoma natural gas customer, residing in either Tulsa or Oklahoma City do not have the option of siting a propane tank on their property or taping into the energy switching subsidies offered by the unregulated electric co-ops. Second, because the cost of serving extremely low density rural customer is so much great than serving their urban counter parts propane, diesel, or electric choices become financially viable. He further testified that a big part of our customer retention is a low customer charge and he also noted that it is his observation that the customer activists referenced above never mention that FCFA's customer charge is substantially lower than ONG and extremely small when compared to their electric company customer charge. He testified that for months on end the company has agricultural customers that use no gas, literally over a hundred customers some months of the year. He further testified that the company has scores of second home customers not using gas in a particular month. He testified that the company has many customers who only have HVAC heating usage or that coupled with just a range. He testified that the company does not want the agricultural user considering switching to diesel since it doesn't cost the farmer to have it sit unused. He further testified that the company does not want the second home user to think, 'I could pay for a pellet stove with all the high customer charges I'm paying'. Nor does the company want the low or no summer usage customer to succumb to the co-op temptations of going all electric. He further testified that the company pursues these goals through a limited customer charge coupled with a high first units charge finished off by a second tier flow charge to generate the appropriate revenue per class. He testified that the rates proposed by PUD does not achieve these goals and he perceives that staff is seeking to eliminate the tiers ostensibly to make it easier for the folks mentioned above to calculate their bills. Mr. Hartline further testified that many other utilities in Oklahoma have tiered rates including CenterPoint Energy, West Texas Gas, Oklahoma Gas & Electric, Empire District Electric, and PSO to name a few. Mr. Hartline testified that the rates proposed by staff do not generate sufficient cash flow in the summer. He stated that the additional revenue generated by PUD's proposed rates is insufficient to alleviate the company's summer cash flow issues. He cited PUD201400025 as an example of the company's cash flow issues. He testified that currently non-commodity revenue generated through the first tier (1 to 9 units) of the company's residential and commercial class generates $24 per month for the Fort Cobb service area and $19.50 for the LeAnn service area. He stated that the PUD proposed rates would generate $24.23 and $19.69 for Fort Cobb and LeAnn respectively. This amounts to a 23 cents increase and a 19 cents increase per customer per month during the summer and low usage months. He further testified that the company's proposed residential and commercial rates would produce between $31.24 and $31.96 per month per customer for the first nine units. He further noted that the second tier of the company proposed rates starts after five units. He further testified that this amount is not dissimilar to what other utilities rates produce and he gave the example of a company facility on the CenterPoint system and it pays $27.66 in non-commodity revenue on the first nine units. Mr. Hartline then discussed the pressure of competitive pricing on the company. He stated that as discussed above the relatively higher cost of serving rural customers makes other energy alternatives economically viable. He testified that the company must be cognizant of the competitive alternatives available to its customers and not price the company's services out of the market. He gave the example that currently delivered propane costs between $1.69 per gallon and $2.19 per gallon depending on the delivery location. To compare propane to natural gas one multiples the price per gallon by 100,000 BTUs/91,000 BTUs. Thus the company's maximum delivered price needs to be less than $1.86, subtracting our current PGA of $0.61 yields a maximum tariff of $1.25. He further testified that propane tank rental is similar to typical customer charges. He testified that similar calculations can be made for diesel motors or electric heating. Mr. Hartline then discussed dynamic non-cross-class-subsidization. He stated that class subsidization is when one group of customers enjoys utility rates less than the cost of service at the expense of another group of customers paying more than their cost of service. He testified that the dynamic aspect of it is tied to the competitive pricing previously discussed. He stated that effectively the competitive price places a ceiling on rates even if those rates are insufficient to recover the cost of service. In a static environment this is ceiling is ignored and there is no consideration for energy switching effects. In a dynamic environment energy switching effects are recognized. It is understood that energy switching will cause the loss of the no-longer subsidized class customers. In turn causing the rates on the disproportionate charges class to increase even beyond those charged when subsidizing the other group. Mr. Hartline then discussed how the Company arrived at its billing determinants. He testified that the calculation of billing determinants begins with the monthly "Billing Edit List – Revenue Class Totals" sheet produced by the Company billing software, Continental. He stated that generally this data can be used directly; however, care must be taken to look for any post-closing re-reads. A re-read is a meter that is read again due to a meter reading exception. While the system checks for usage anomalies pre-closing occasionally a change, usually initiated by the customer, occurs post-closing. As an audit security standard once a billing is closed that data cannot be changed. The "Revenue Class Totals" and any post-closing "Transaction List" reports are transcribed to the Billing Determinants Workbook spreadsheet. The workbook comprising the components and spreadsheet was posted to the electronic data room, which members of the PUD and Attorney General's staff had unlimited access. The workbook data was placed in the supplemental package spreadsheet work-paper tab WP M-4-1 TCY Flow. It initially included the WinStar system; however, this was subsequently removed based on PUD's filed position to remove the investment, expenses and revenue associated with WinStar. The test case year (TCY) flow data was placed in the weather normalization worksheets along with other data and the runs are calculated. He further testified that in the filing the weather normalization runs are done by active tariff classes, Residential & Commercial and Industrial for LeAnn and Residential & Commercial, Industrial, Agricultural Heat, and Agricultural Power for Fort Cobb. Mr. Hartline further testified that subsequent to staff rate design testimony, that members of the PUD indicated a preference for running them by sub-class for each accounting unit. The weather normalized data in the initial filing (including WinStar) totaled 3,365,414 CCF; however, the correlation to the Agricultural Power data was insufficient and TCY data was used. The weather normalized flow is transcribed to WP M-4-1 WN Flow. Mr. Hartline testified that since in the filing the weather normalization was by tariff class only tariff class data was transcribed consistent with the method employed in PUD201000026. The runs with the WinStar data removed were posted by sub-class. He testified that the annualized customer loss worksheet used in Mr. Schwartz' testimony is also posted in the electronic data room. Mr. Hartline further testified that from the customer loss data the calculation of 92.35% was applied to the weather normalized flows. The final billing determinants totals relied on by the company in its proposed rate design are 3,192,072 CCF. Based upon PUD's removal of WinStar the billing determinants totals decline to 3,078,383 CCF, as indicated in WP M-4-1 W&CL Flow. Mr. Hartline testified that similar to the weather normalization worksheet only the class total were calculated in the filing but the submission with the WinStar data removed was posted by sub-class. Mr. Hartline then proceeded to describe how normalized revenues are calculated using the weather normalized and customer loss billing determinants. He stated that these billing determinants along with the proposed rates are used to calculate the required revenue as performed on WP M-4 Proposed Revenue. Mr. Hartline testified that at the request of PUD staff on Tuesday January 14, 2015 tariff revenue was calculated by sub-class. He stated that for example, even though the

Company proposed final Commercial tariff is the same for Fort Cobb and LeAnn they are calculated separately rather sub-totaling their data together. Mr. Hartline then described the effect of running the calculation at the subclass level had. He stated that the flow characteristics of Residential and Commercial are substantially dissimilar. Recognizing this on a sub-class level coupled with the revenue goals laid out in the COSS cause the Company to pursue different rates for these two sub-classes. Mr. Hartline then testified that the effect of removing the WinStar system from the calculation of revenue requirements results in a new annual normalized revenue requirement of $4,003,884 as reflected on supplemental B-1. Mr. Hartline then testified that with the removal of the WinStar system and the change in revenue requirement and other modifications throughout the rate case process, the Company's proposed tariff rates changed to those shown in WP M-3-2. Mr. Hartline then explained the structural changes between the initially filed rates and those reflecting the removal of the WinStar system and the change in revenue requirement and other modifications that occurred throughout the rate case process. He stated that the Company sought to strike a balance between the notion of a surcharge on the first units and the desire of PUD staff to have only a single flow tariff. As such the Company eliminated the surcharge and went simply to a five unit first tier and balance of flow second tier rate structure. Moreover, with the exception of the Industrial class all the classes are conceptually similar with a customer charge, limited unit first tier and balance of flow second tier. Mr. Hartline then testified to the stated goal by both the Company and PUD to bring the tariffs together. He stated that through the Company proposed rates this goal is nearly accomplished. The uniform Industrial tariff and customer charge was in place under the current rates, though staff was seeking to move even the sub-class customer charges apart within the same class. Under the proposed final rates the first tiers are uniform throughout, the Fort Cobb and LeAnn Commercial rates are unified and only a ten-cent difference exists between the Residential rates. Mr. Hartline then testified that for a number of reasons it is clear the bill determinants used by the staff are incorrect. First, the total billing determinants in their testimony exceed the weather normalization output. Second, the sub-class data staff used to build their analysis was incorrect as only class data had been adjusted. Third, their data did not have the weather normalization re-running subsequent to the removal of the WinStar system. Mr. Hartline then stated that he does not believe that staff maliciously used an incorrect data set, because their goal is to obtain the correct revenue requirement for all involved. He stated that it seemed to him to be just a simple inadvertency. Mr. Hartline testified that in fact he knew Mr. Schwartz had the right figures in mind as they spoke on the phone on or about January 7, 2015, at which time they briefly compared bill determinants notes whereby Mr. Hartline stated he had just over three-million and Mr. Schwartz indicated he had very similar numbers which stands to reason given Mr. Schwartz had reviewed and accepted the weather normalization and customer loss data as indicated by his testimony. Mr. Hartline then testified that it's not even clear to him that Mr. Schwartz was cognizant of the disconnect until they discussed it subsequent to Mr. Schwartz filing his testimony on January 9, 2015. Mr. Hartline then stated that essentially, with no time left it was up to the Company to clear up the issue through rebuttal testimony. Mr. Hartline testified that the weather normalization needed to be rerun because with the removal of the WinStar system the amount and pattern of the input data changed significantly necessitating a re-running of the weather normalization. Mr. Hartline then discussed the COSS undertaken by staff. He testified that the Company found the concepts interesting and the level of detail and work involved was substantial and the study was educational. He then stated that it is worth noting that it is a bit of a moving target as contested or subsequently adjusted figure have the effect of changing the results as would flow pattern changes from weather or other effects. Mr.

Hartline then summarized the company request that the Commission adopt the revenue requirement of $4,003,883 shown on supplemental B-1 included with the schedules attached to his testimony filed on January 15, 2015, and that the Commission adopt the Company proposed tariff structure and tariff rates included in column Final on supplemental WP M-3-2 included with the schedules attached to his Rebuttal testimony filed on January 15, 2015.

Testimony of Thomas Hartline in Support of the Stipulation presented at the Hearing on the Merits on February 11, 2015

Mr. Hartline testified in support of the Joint Stipulation and Settlement Agreement filed on February 2, 2015. Mr. Hartline testified on behalf of the Company and stated that the stipulating parties requested the Commission to approve the parties' compromise of the issues presented in this Cause as set forth in the Joint Stipulation and Settlement Agreement. Mr. Hartline further testified that the stipulating parties represent to the Commission that the Joint Stipulation and Settlement Agreement represents a fair, just and reasonable settlement of the issues, and that the terms and conditions are in the public interest. Mr. Hartline urged the Commission to issue an order in this Cause adopting and approving the Joint Stipulation and Settlement Agreement in its entirety. Mr. Hartline summarized the Joint Stipulation and Settlement Agreement by stating the parties agreed to the total revenue requirement of $3,745,000, excluding the cost of gas; that the parties agree to tariff rates and structures reflected on the tariff sheets marked as Exhibit "1," attached to the Joint Stipulation and Settlement Agreement; and that the new tariff rates and structures reflect the parties' next step to continue the process begun in Cause No. PUD 201000026 to unify the customer class rates and structures of the Fort Cobb and former LeAnn Gas Company class rates and structures. He stated that the parties believe it is in the best interest of the customers and company to continue the move toward the unification of the class rates and structures in future causes; and that the stipulating parties further agree that every residential and commercial customer bill, every month, shall include language making it clear that the first five Ccfs are charged on a "per Ccf" basis. Mr. Hartline concluded by stating that Joint Stipulation and Settlement Agreement resolves the Company's request for interim and permanent rate relief requested by the Company in this Cause.

Testimony of the Attorney General of the State of Oklahoma

Rate Design Rebuttal Testimony of Edwin Farrar filed January 14, 2015

Edwin Farrar testified as to his educational and professional background as a Certified Public Accountant. He had testified previously before the Commission and his qualifications as an expert had been accepted. Mr. Farrar recommended certain rate design elements proposed by PUD.

Mr. Farrar noted that Fort Cobb requested that it be allowed to use the expertise of PUD to design rates. Mr. Farrar stated that Fort Cobb had proposed to merge the rates of the Fort Cobb and LeAnn divisions and the Company had relied on high first block rates in its rate design. Mr. Farrar testified that PUD instead proposed to keep separate rates for Fort Cobb and LeAnn. Mr. Farrar stated that the most significant difference in PUD's and Fort Cobb's rate design was in the customer charge for industrial and agricultural customers, where the Company proposed low or no customer charges and high first block consumption block charges, and PUD proposed large customer charges with lower energy charges.

Mr. Farrar explained that most non-commodity costs of a utility are fixed in nature which supports the use of a larger customer charge and that the cost imposed on the system by sporadic consumption is nearly the same as continuous users of natural gas. The use of a higher customer charge generally allows the use of a lower volumetric charge, which in turn helps the industrial or agricultural consumer to increase their production at a lower cost. Mr. Farrar testified that a low customer charge with a higher volumetric charge to benefit seasonal customers should be supported by evidence that such rates do not abuse those customers or other customers on the system. Mr. Farrar recommended that PUD's rate design be adopted by the Commission.

Testimony of the Public Utility Division

Responsive Testimony of Jeremy Schwartz filed December 16, 2014

Jeremy Schwartz is employed by the Public Utility Division as a Public Utility Regulatory Analyst. Mr. Schwartz testified to detailing the areas that PUD reviewed in the application filed by Fort Cobb. Mr. Schwartz also discussed PUD's review process and provided an overview of PUD findings.

It is impractical for PUD to look at every account and every entry made during the test year. However, PUD reviewed areas that appeared to have a major impact on the rates and charges passed through to ratepayers. PUD had eleven analysts review the application filed by Fort Cobb; however, seven made adjustments and/or filed testimony. The following analysts filed testimony: Bob Thompson covered the PUD accounting exhibit and overall accounting adjustments; Michael Knapp, PhD, covered ROR, ROE, and capital structure; Kiran Patel covered employee benefits, pensions, and medical; David Garrett covered outside services, payroll taxes and expenses, and employee insurance costs and expenses; Javad Seyedoff covered rate case expenses, regulatory assets/expenses/liabilities, revenues, and expenses; Paul Newmark covered customer deposits, bad debt expense, and the WinStar pipeline; Tracy Izell covered 1099s, tax returns, and organizational documents.

PUD reviewed all information and testimony provided by the Company as a part the Supplemental Application. PUD further reviewed Commission orders, prior testimony, and work papers relating to FCFA.

PUD recommended that the Commission approve all adjustments proposed by PUD analysts as laid out in responsive testimonies. PUD stated that its testimonies, calculations, and corresponding adjustments are fair, just, reasonable, and in the public interest.

Responsive Testimony of Robert Thompson filed December 16, 2014

Robert Thompson, CPA, is employed by the PUD of the Oklahoma Corporation Commission. Mr. Thompson's testimony focused on the following issues:

- Accumulated Depreciation: Mr. Thompson proposed no adjustment to the accumulated depreciation included in rate base.

- Cash Working Capital: Mr. Thompson proposed an adjustment to the cash working capital (CWC), which includes all of PUD's proposed changes to those accounts included within the CWC calculation. Mr. Thompson agreed with the Company's cash working capital methodology. This adjustment would decrease cash working capital included in rate base by ($75,794).

- Accumulated Deferred Income Tax: Mr. Thompson proposed an adjustment to update accumulated deferred income tax. The adjustment would increase accumulated deferred income taxes included in rate base by ($112,994).

- Depreciation and Amortization Expense: Mr. Thompson proposed to adjust the depreciation and amortization expense related to the plant in service. The adjustment would increase the revenue requirement by $6,739.

- Interest Synchronization: Mr. Thomspson proposed an adjustment to the interest expense within the income tax calculation to reflect changes to the rate of return and rate base. Interest synchronization is a method that provides an interest expense deduction for regulatory income tax purposes equal to the ratepayer's contribution to FCFA for interest expense coverage. The adjustment for interest synchronization would decrease the net income before income tax by ($120,275).

- Current Tax Expense: Mr. Thompson proposed an adjustment to current income taxes to reflect PUD's adjustments to the operating income statement, including the revenue deficiency, resulting in a net decrease to FCFA's operating income of ($156,547).

- Conclusion: Mr. Thompson requested that the Commission accept PUD's recommendation regarding the Company's total revenue requirement based on the individual rate base and income statement adjustments described in this testimony. Mr. Thompson stated the adjustments recommended are fair, just, reasonable and in the public interest. Mr. Thompson stated the recommendations struck a balance between the Company and Oklahoma ratepayers.

<u>Responsive Testimony of David Garrett filed December 16, 2014</u>

Mr. Garrett filed direct testimony on behalf of PUD on December 16, 2014 with regard to the issues of outside services expense, payroll expense, and payroll taxes. First, Mr. Garrett recommended an adjustment of ($87,533) to decrease outside services expense. This recommendation is based on removing amounts paid during the test year for legislative advocacy, and normalizing the expense level to the four-year average of the outside services accounts.

Mr. Garrett also proposed two adjustments to payroll expense, the first being an adjustment of ($151,319) to remove the salary of Richard Varner. Mr. Garrett testified that Fort Cobb had not met its burden of proof to substantiate the specific duties performed by Mr. Varner, and had not demonstrated that Mr. Varner should be compensated as an employee of the

Company in addition to his equity earnings as an investor. Mr. Garrett also proposed an adjustment of ($78,264) to decrease the salary of Thomas Hartline. This adjustment was based on statistical surveys from the Bureau of Labor Statistics for gas utility managers in Oklahoma. Fort Cobb did not perform a salary survey. Thus, Mr. Garrett proposed a total payroll adjustment of ($229,584) to decrease payroll expenses.

Finally, Mr. Garrett recommended an adjustment of ($11,387) to decrease payroll tax expense in accordance with his payroll expense adjustments.

<u>Responsive Testimony of Javad Seyedoff filed December 16, 2014</u>

Mr. Javad Seyedoff, MBA, filed pre-filed responsive testimony on December 16, 2014. Mr. Seyedoff reviewed the following areas: prepayments, customer advances and interest on customer advances, current and prior rate case expenses, utility assessment and others, miscellaneous general expenses, regulatory assets, regulatory liabilities, revenues and expenses, and affiliate/subsidiary transactions service corporation allocation.

For the areas listed above, Mr. Seyedoff recommended one adjustment for a total increase to Schedule H expenses in the amount of $14,000.

In the area of prepayments, Mr. Seyedoff recommended a reduction from the thirteen month average to the test year-end level. Mr. Seyedoff studied both six-month post test year and thirteen month data provided by the Company. Mr. Seyedoff considered an adjustment of ($658) to reduce prepayments to the test year level. However, Mr. Seyedoff proposed no adjustment to prepayment because of the immateriality of the adjustment in this Cause.

For current rate case expenses, based on information provided by the Company, Mr. Seyedoff recommended an estimated total amount of $28,000, amortized over two years. Mr. Seyedoff's adjustment H-1 increased the current rate case expense for the test year by $14,000.

The total amount of this adjustment represented an increase of $14,000 in PUD schedule H. After a thorough review and audit of each area, PUD did not propose any additional adjustments in Mr. Seyedoff's assigned areas.

<u>Responsive Testimony of Kiran Patel filed December 16, 2014</u>

Ms. Kiran Patel is employed by PUD and filed Responsive Testimony on December 16, 2014.

The purpose of Ms. Patel's testimony was to present PUD's analysis and recommendation as to Fort Cobb Fuel Authority, L.L.C.'s Supplemental Application, filed on October 9, 2014.

Ms. Patel reviewed the Company's adjustments to "Employee Benefits," "Other Employee Benefits," "Pensions and Medical - 401K," "Non-Recurring Expense Adjustment," and "Employee Expense Reimbursement - Executive Expense." After a thorough review and audit of each area, Ms. Patel proposed an adjustment in the amount of $25,019 to decrease

"Employee Benefits" for Mr. Varner, stating he did not appear to be directly involved with the oversight of people or functions of Fort Cobb, therefore he did not appear to provide benefits to Oklahoma ratepayers.

Ms. Patel proposed an adjustment of $49,910 to decrease "Employee Expense Reimbursement - Executive expenses." Ms. Patel did not recommend reimbursement payments of $2,500 for each executive, as these payments were not supported by receipts or other documentary evidence. Ms. Patel recommended that the Company implement a travel policy that follows commonly used guidelines for travel reimbursement and record keeping.

Ms. Patel proposed an adjustment of $13,000 to increase Mr. Thomas Hartline's travel expense. PUD developed a reasonable travel budget for Mr. Hartline based on records of his actual travel during the test year. The $13,000 increase should allow for travel to Oklahoma from California and back to attend to the affairs of Oklahoma utilities.

<u>Responsive Testimony of Dr. Michael Knapp filed December 16, 2014</u>

Dr. Michael K. Knapp of the Public Utility Division filed Responsive Testimony on December 16, 2014. The purpose of Dr. Knapp's testimony was to present evidence on four items in the October 9, 2014 application of Fort Cobb. Fort Cobb requested a rate of return ("ROR") of 9.99 percent, based on a capital structure of 33.27 percent common equity and 66.73 percent long term debt. The Company proposed an allowed return on equity ("ROE") of 14.00 percent and an embedded cost of debt of 8.00 percent. Dr. Knapp's testimony addressed:

- allowed return on equity
- the Company's proposed capital structure
- embedded cost of long-term debt
- allowed rate of return

Dr. Knapp's testimony and its accompanying analysis developed PUD's recommendation of a fair rate of return for the Company.

Throughout his testimony, Dr. Knapp used a standard for a recommended return that is consistent with the concept of a "fair rate of return" for a public utility's invested capital. The Supreme Court determined the guidelines for a fair rate of return in *Bluefield Water Works and Improvement Company vs. Public Service Commission*, 262 U.S. 679 (1923) (*"Bluefield"*), as further modified in *Federal Power Commission vs. Hope Natural Gas Company*, 320 U.S. 591 (1944) (*"Hope"*).

First, Dr. Knapp examined current economic conditions and debt yields to determine the condition of capital markets. Second, in deference to the standards of both *Bluefield* and *Hope*, he selected a group of comparable natural gas distribution companies upon which he conducted his evaluation. Third, Dr. Knapp examined relevant financial statistics of the proxy utilities as benchmarks for FCFA. Fourth, Dr. Knapp developed Discounted Cash Flow analyses and Capital Asset Pricing Models to estimate the ROE for each of the proxy groups. Fifth, Dr. Knapp compared the proposed capital structure to the comparison group of gas distribution companies to determine if the Company's cost of capital is reasonable.

Dr. Knapp conducted his financial analysis. The DCF model produced a range of ROE estimates with a low of 8.45 percent to a high of 10.52 percent. The CAPM analysis ranged from 9.11 percent to 9.45 percent. He observed that the current Federal Reserve policy of maintaining low interest rates has influenced the financial analysis. While its impact on the DCF model is indirect, the influence is more substantial on the CAPM analysis. Based on the results of his DCF and CAPM analysis as well as the comparison of the earned ROEs of comparable gas utilities, Dr. Knapp recommended that the Commission approve a ROE in the range of 10.0 to 10.5 percent.

Dr. Knapp noted that FCFA requested a rate of return that consisted of 33.27 percent common equity and 66.73 percent. Consistent with *Bluefield* and *Hope,* Dr. Knapp imputed a capital structure consistent with other gas utilities. He determined the appropriate capital structure is 56.10 percent common equity and 43.90 percent long-term debt. While Dr. Knapp analysis found that the 6.00 percent embedded cost of debt appropriate, he excluded the Company's requested 200 basis point adder as more properly recovered in ROE. Dr. Knapp testified that this produces an allowed rate of return of 8.52 percent.

After reviewing the Direct Testimony of Company Witness Thomas Hartline, prior Commission orders in other gas company causes, conducting analysis of current economic conditions, capital markets, Federal Reserve policy regarding interest rates, examining comparable financial statistics, and conducting DCF and CAPM analyses of the cost of equity capital, Dr. Knapp recommended that the Commission allow FCFA:

- To use a capital structure consisting of 43.90 percent long-term debt and 56.10 percent common equity

- To receive an embedded cost of long-term debt of 6.00 percent reflecting the cost of debt

- A return on common equity of 10.50 percent

- A rate of return of 8.52 percent

<u>Responsive Testimony of Paul Newmark filed December 16, 2014</u>

Mr. Paul Newmark, Senior CPA/Auditor, filed testimony in this cause on December 16, 2014. Mr. Newmark is employed by the Public Utility Division ("PUD") of the Oklahoma Corporation Commission. Mr. Newmark reviewed Fort Cobb's filed application documents, prior PUD causes and testimonies, and the National Association of Regulatory Commissioners Audit Manual. In addition, Mr. Newmark reviewed FCFA records on-site at the Eakly, Oklahoma office.

Mr. Newmark was assigned areas of review which included the following accounts: Customer Deposits, Interest on Customer Deposits, Plant in Service and Bad Debt Expense. Mr. Newmark proposed adjustments to the Customer Deposit account and the Plant in Service account. The Customer Deposit account adjustment of $3,720 was recommended to reconcile the amount to the year-end balance. This recommendation follows the principle of recording the greater of the 13 month average or the year-end balance. This adjustment increased the total amount deducted from the rate base calculation by $3,720.

The Plant in Service account included an entry for "Mains" in the amount of $2,170,033. This amount was identified as being the cost associated with 16 miles of WinStar pipeline built in Love County. The proposed adjustment was to deduct the total amount of $2,170,033 from the rate base as the project was not considered useful to the Fort Cobb ratepayers.

Mr. Newmark's review of the remaining accounts, Interest on Customer Deposits and Bad Debt Expense, did not produce any recommended adjustments. The differences calculated were minor and determined to be insignificant in the Cause.

Responsive Testimony of Tracy Izell filed December 16, 2014

Ms. Tracy Izell is employed by the Public Utility Division and filed Responsive Testimony on December 16, 2014. The purpose of Ms. Izell's testimony was to present PUD's analysis and recommendation for the Application filed by Fort Cobb.

PUD's review process consisted of reviewing the supplemental application, direct testimony and supporting schedules for the relief requested by Fort Cobb. PUD conducted several on-site visits with the Company to review supporting documentation. Two of these visits were in Eakly, Oklahoma, and one was in Costa Mesa, California. PUD reviewed prior causes for Fort Cobb. In addition, PUD issued several data requests to the Company's representatives for supporting documentation and clarification on specific items.

Ms. Izell's specific areas of review were the following: Tax Returns, 1099s, and organizational documents. Navitas Utility Company's set up is tedious to follow and the review included learning the interplay and relationships between entities, affiliates, and owners. Ms. Izell encouraged Fort Cobb to use 'class' items in QuickBooks to make the entities more separate, distinct, and easier to follow transactions. Currently, in order to input items into QuickBooks, Mr. Irwin moves back and forth from a spreadsheet to QuickBooks, sometimes going back and forth multiple times. In addition, because Mr. Irwin is charged with keeping the books of several companies all having transactions between each company, it can be time consuming and inefficient to work from program to spreadsheet multiple times. Ms. Izell also recommended that Mr. Irwin attend an Intuit QuickBooks training. This will enable Mr. Irwin to learn about class categorization, as well as other features in QuickBooks that would help Fort Cobb have clearer, properly-separated records.

Responsive Testimony of Jeremy Schwartz filed January 9, 2015

Jeremy Schwartz is employed by the Public Utility Division as a Public Utility Regulatory Analyst and filed Responsive testimony on January 9, 2015. The purpose of his Responsive testimony was to discuss Fort Cobb's cost of service and rate design proposal; present PUD's proposed rate design; and discuss the impact to the cost of service analysis and rate design in general for all PUD adjustments, which resulted in a base rate revenue increase of $406,479,[5] for a total operating revenue requirement of $3,595,118.

PUD determined that the revenue figures proposed by the Company did not include the necessary adjustments for weather normalization and customer loss. This created an additional adjustment to current revenues, resulting in an increase to the revenue deficiency in the amount of approximately $54,189. Also, PUD is proposed an adjustment to the original salary adjustment[6] to account for the Company's 83.63 percent Oklahoma jurisdictional amount. This additional adjustment was in the amount of approximately $37,583.

In Mr. Schwartz testimony, PUD disagreed with the way the Company relied upon the output of their cost of service study ("COSS"). Fort Cobb did not use fully the allocation factors to determine the actual revenue requirement by class. Therefore, the rates proposed by the Company were not based on the cost to serve each class of customers. Also, PUD considered the results of a fully allocated COSS essential in designing rates and the best basis for determining changes to the current rate design. Without developing a fully allocated COSS, PUD could not determine if cross subsidization among classes exist. In other words, some classes may end up paying more than their costs on the system and some would not pay enough. This would create a discrepancy in class parity as well. The ideal rate design would have a parity of 1 for each class, meaning that each class pays only costs incurred for that class.

While the Company's method to allocate costs based on jurisdictional customer count is not necessarily incorrect; PUD does not view the Company's procedure as the most accurate and effective method for estimating costs on the system by class. Costs should be allocated using factors that more closely match the causes of those costs. Because of the important role cost allocation factors play in determining cost responsibility, the revenue requirement, and rate design, PUD recommends a more robust COSS and allocation process, similar to the analysis developed by PUD in this cause.

Mr. Schwartz presented Figure 4 below as an excerpt of PUD's proposed cost of service analysis that summarizes the total company revenue requirement and its distribution to the retail customer classes with the proposed adjustments.

---

5 Responsive Testimony of Robert C. Thompson, page 5, lines 19-21 and in lines 7 and 11, Section A, of PUD's Accounting Exhibit.

6 Responsive Testimony of David Garrett, page 10, line 8.

FIGURE 4 PUD'S COST OF SERVICE STUDY RESULTS AT PROPOSED

PUD - Proposed Rates			**Proposed**			
Description	**Total**	**Residential**	**Commercial**	**Industrial**	**Ag Power**	**Ag Heat**
Rate Base						
Plant in Service	$ 11,089,111	$ 7,799,919	$ 1,053,295	$ 1,191,286	$ 607,824	$ 436,787
Accumulated Depreciation	$ 6,531,175	$ 4,597,034	$ 619,718	$ 700,799	$ 356,618	$ 257,006
Other Rate Base items	$ 8,309	$ (3,224)	$ (449)	$ 12,276	$ 1,306	$ (1,601)
Total Rate Base	$ 4,566,245	$ 3,199,661	$ 433,129	$ 502,763	$ 252,512	$ 178,179
Revenues At proposed Rates						
Delivery Revenue	$ 3,549,216	$ 2,339,387	$ 499,730	$ 235,857	$ 234,200	$ 240,044
Miscellaneous Revenues	$ 83,483	$ 54,054	$ 10,938	$ 5,927	$ 6,078	$ 6,485
Total Revenues	$ 3,632,699	$ 2,393,441	$ 510,668	$ 241,784	$ 240,278	$ 246,528
Expenses at Current Rates						
O&M Expenses	$ 2,559,418	$ 2,070,366	$ 193,524	$ 145,723	$ 91,706	$ 58,098
Depreciation Expense	$ 462,273	$ 325,376	$ 43,863	$ 49,602	$ 25,241	$ 18,191
Taxes other than Income Taxes	$ 65,191	$ 45,885	$ 6,186	$ 6,995	$ 3,560	$ 2,565
Investment Tax Credit	$ -	$ -	$ -	$ -	$ -	$ -
Total Expense Current	$ 3,086,882	$ 2,441,627	$ 243,573	$ 202,321	$ 120,507	$ 78,854
Income Taxes	$ 156,547	$ 109,696	$ 14,849	$ 17,236	$ 8,657	$ 6,109
Current Operating Income	$ 389,271	$ (157,881)	$ 252,246	$ 22,227	$ 111,114	$ 161,566
Return at Proposed Rates	0.085250	(0.05)	0.58	0.04	0.44	0.91
	1.00	(0.58)	6.83	0.52	5.16	10.64

Mr. Schwartz presented in Figure 5 a summary from PUD's cost of service analysis that shows the revenue distribution at current rates, equalized rates, and at PUD's proposed rates.

FIGURE 5 PUD'S REVENUE DISTRIBUTION RESULTS

	Revenue @ Current	RROR @ Current	Revenue @ Equalized	RROR @ Equalized	Revenue @ Proposed	RROR @ Proposed	% Change
Residential	$ 1,975,466.48	(6.83)	$ 2,770,039.13	1.00	$ 2,339,386.52	(0.58)	18%
Commercial	$ 399,753.32	14.73	$ 284,408.14	1.00	$ 499,729.68	6.83	25%
Industrial	$ 216,623.40	0.25	$ 256,490.32	1.00	$ 235,856.62	0.52	9%
Ag Power	$ 222,130.59	16.43	$ 144,612.57	1.00	$ 234,200.04	5.16	5%
Ag Heat	$ 236,993.60	37.28	$ 93,667.73	1.00	$ 240,043.60	10.64	1%
Total	**$ 3,050,967.39**		**$ 3,549,217.88**		**$ 3,549,216.46**		

Additionally, Mr. Schwartz showed the revenue increases by class according to PUD's revenue distribution in Figure 6:

FIGURE 6 REVENUE INCREASE/DECREASE BY CLASS

	Revenue @ Current	Revenue @ Proposed	Revenue Increase/Decrease
Residential	$ 1,975,466.48	$ 2,339,386.52	$ 363,920.04
Commercial	$ 399,753.32	$ 499,729.68	$ 99,976.37
Industrial	$ 216,623.40	$ 235,856.62	$ 19,233.22
Ag Power	$ 222,130.59	$ 234,200.04	$ 12,069.45
Ag Heat	$ 236,993.60	$ 240,043.60	$ 3,050.00
Total	**$ 3,050,967.39**	**$ 3,549,216.46**	**$ 498,249.07**

PUD's proposed rate design was as follows:

<u>Residential - FCFA</u>
$13.34 Customer Charge
$1.21 per Ccf for all flow

<u>Commercial - FCFA</u>
$13.34 Customer Charge
$1.21 per Ccf for all flow

<u>Residential – LeAnn</u>
$11.50 Customer Charge
$0.91 per Ccf for all flow

<u>Commercial – LeAnn</u>
$11.50 Customer Charge
$0.91 per Ccf for all flow

<u>Ag Heat</u>
$50.00 Customer Charge
$0.90 per Ccf for all flow

<u>Ag Power</u>
$20.00 Customer Charge
$0.82 per Ccf for all flow

<u>Industrial</u>
$126.00 Customer Charge
$1.08 per Ccf for all Ccf between 4 – 3,003 Ccf's
$0.011 per Ccf for all Ccf between 3,004 – 10,000 Ccf's
$0.01 per Ccf for all Ccf over 10,000 Ccf's

PUD proposed removing the first volumetric block "surcharge" for the residential, commercial, Ag heat, and Ag power classes. PUD's proposal for those classes used a customer charge and one flow rate for each class. PUD believed that this would increase customer awareness of the impact of their monthly usage on their total bill by simplifying the calculation necessary to estimate a total bill. Also, this would simplify the data recording and future reporting for FCFA. PUD's rate structure also maintained separate rates for the FCFA and LeAnn residential and commercial classes.

Mr. Schwartz recommended that the Commission approve the following:

- FCFA should submit a more complete cost of service study with their next rate case, similar to the analysis developed by PUD in this cause

- Approval of the weather normalized and customer loss adjusted billing determinants;

- Approval of the increase of $37,583 to PUD's previous adjustment to executive salaries due to the Oklahoma allocation percentage;

- Approval of PUD's adjusted revenue requirement of $3,632,699 of which $83,483 are miscellaneous revenues and the remaining $3,549,216 are delivery revenues;

- Approval of PUD's cost of service analysis and proposed class distribution of the delivery revenues as shown in Figure 4 of this testimony;

- Approval of PUD's recommended rate design and all rate structure changes

As a result of PUD's recommendation, Mr. Schwartz presented in Figure 7 the monthly impacts on Fort Cobb and LeAnn customers:

FIGURE 7 PUD CUSTOMER IMPACTS

Customer Impact at PUD Proposed Rates			
Class	Annual CCf	Annual Increase	Monthly Increase
Ft Cobb Residential	585	$ 50	$ 4.21
LeAnn Residential	585	$ 157	$ 13.11
Ft Cobb Commercial	2,917	$ 262	$ 21.80
LeAnn Commercial	2,917	$ 915	$ 76.27
Industrial	137,253	$ 4,125	$ 343.78
Ag. Power	4,442	$ 167	$ 13.90
Ag. Heat	17,704	$ 212	$ 17.64

Testimony in Support of the Stipulation filed February 9, 2015

Jeremy Schwartz, PUD analyst, filed Testimony in Support of the Stipulation on February 9, 2015. Pursuant to the Stipulation, the parties agreed to a revenue requirement and rate design.

With respect to the revenue requirement, PUD, the AG, and the Company agreed to a revenue requirement amount of $3,745,000. Fort Cobb requested a revenue requirement amount of $4,829,780 in its application filed on June 30, 2014. In its supplemental application filed October 9, 2014, Fort Cobb requested a revenue requirement amount of $4,564,810. The revenue requirement agreed upon by the parties is $1,084,780 lower than Fort Cobb's original request and $112,301 higher than the amount proposed in PUD's Responsive Testimony filed on January 9, 2015.

With respect to the agree-upon rate design, PUD, the AG, and the Company agreed, for the purpose of the Stipulation, to a rate design as summarized below:

Residential - FCFA
$18.00 Customer Charge
$ 3.00 per Ccf for 1-5 Ccfs
$ 1.23 per Ccf for all remaining flow

Commercial - FCFA
$16.00 Customer Charge
$ 3.00 per Ccf for 1-5 Ccfs
$ 1.23 per Ccf for all remaining flow

Residential – LeAnn
$16.00 Customer Charge
$ 2.96 per Ccf for 1-5 Ccfs
$ 0.80 per Ccf for all remianing flow

Commercial – LeAnn
$14.00 Customer Charge
$ 3.05 per Ccf for 1-5 Ccfs
$ 0.75 per Ccf for all remaining flow

Ag Heat
$20.00 Customer Charge
$30.00 for the first Ccf
$ 0.90 per Ccf for all remaining flow

Ag Power
$20.00 Customer Charge
$10.75 for the first Ccf
$ 0.83 per Ccf for all remaining flow

Industrial
$134.00 Customer Charge 0-5 Ccf
$ 1.20 per Ccf for all Ccf between 6 – 3,005 Ccfs
$ 0.10 per Ccf for all Ccf between 3,006 – 10,000 Ccfs
$ 0.01 per Ccf for all Ccf over 10,000 Ccfs

Regarding the Company's rate structure, PUD, the AG, and the Company agreed to the following changes:

- Moving the first block Ccf charge from 1-9 Ccfs to 1-5 Ccfs, per Ccf, for the residential and commercial classes

- Separating the rates of Residential and Commercial customers

- Using the gradualism approach in bringing the LeAnn residential and commercial rates to the same level as their respective Fort Cobb classes.

Figure 1 below shows a comparison of the impacts on customer classes based on FCFA's proposed rates from their supplemental application and the rates agreed to in this settlement.

FIGURE 1 CUSTOMER IMPACTS

Customer Impact at FCFA Proposed Rates			
Class	Annual CCf	Annual Increase	Monthly Increase
Ft Cobb Residential	585	$ 172	$ 14.33
LeAnn Residential	585	$ 521	$ 43.42
Ft Cobb Commercial	2,917	$ 476	$ 39.67
LeAnn Commercial	2,917	$ 2,050	$ 170.83
Industrial	137,253	$ 29,486	$ 2,457.17
Ag. Power	4,442	$ 6,882	$ 573.50
Ag. Heat	17,704	$ 2,176	$ 181.33

Customer Impact at Stipulated Rates			
Class	Annual CCf	Annual Increase	Monthly Increase
Ft Cobb Residential	585	$ 224	$ 18.69
LeAnn Residential	585	$ 277	$ 23.05
Ft Cobb Commercial	2,917	$ 480	$ 40.01
LeAnn Commercial	2,917	$ 754	$ 62.83
Industrial	137,253	$ 7,608	$ 634.00
Ag. Power	4,442	$ 330	$ 27.52
Ag. Heat	17,704	$ 201	$ 16.74

Mr. Schwartz stated that PUD, the AG, and the Company agreed for the purpose of this Stipulation to recommend that the Commission accept and adopt all proposals as described in the Stipulation and as summarized below:

- The agreed upon revenue requirement amount of $3,745,000

- The agreed upon rate design and all rate structure changes

PUD believes that all parties to this Cause made a good faith effort to settle the issues in this Cause in a manner that was beneficial to all. The resulting Settlement Agreement is one that is fair, just, and reasonable, and based on a revenue requirement that will allow the Company to provide safe and reliable service to its ratepayers.

<u>Testimony of Jeremy Schwartz in Support of the Stipulation presented at the Hearing on the Merits on February 11, 2015</u>

At the hearing on the merits, Mr. Schwartz testified in support of the parties' Stipulation. Mr. Schwartz summarized PUD's role in a rate case such as this one, which includes balancing the interests of the Company and its customers. He also summarized PUD's extensive review process, which included an extensive review by over eleven assigned employees, and several on-site visits to the Company's counsel's office in Oklahoma City, OK; two on-site visits to the Company's Oklahoma headquarters in Eakly, Oklahoma; and a visit to the Company's corporate headquarters in Costa Mesa, CA.

Pursuant to the Stipulation, the parties agreed to a revenue requirement and rate design.

Mr. Schwartz acknowledged that PUD, the Attorney General, and the Company agreed to a revenue requirement amount of $3,745,000, a figure which was significantly lower than that requested by the Company in its original and supplemental applications.

Mr. Schwartz then detailed the parties' agree-upon rate design and resulting customer impacts, as well as changes to the Company's rate structure, all as detailed in PUD's Testimony in Support of the Stipulation.

Mr. Schwartz testified that PUD believes that all parties to this Cause made a good faith effort to settle the issues in this Cause in a manner that was beneficial to all, and that the resulting Settlement Agreement is one that is fair, just, and reasonable, and based on a revenue requirement that will allow the Company to provide safe and reliable service to its ratepayers.

Testimony of Robert Thompson in Support of the Stipulation presented at the Hearing on the Merits on February 11, 2015

In response to questioning from the ALJ, Mr. Robert Thompson testified at the hearing that he was involved as an accountant in the Cause, that the Stipulation represented a resolution of all issues, and that there was evidence to support the agreed-upon revenue requirement.

Attachment "B"

FILED
FEB 02 2015
COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

BEFORE THE CORPORATION COMMISSION OF OKLAHOMA

IN THE MATTER OF THE APPLICATION	)	
FOR A CHANGE OR MODIFICATION IN	)	CAUSE NO. PUD 201400140
THE RATES, CHARGES AND TARIFFS OF	)	
FORT COBB FUEL AUTHORITY, L.L.C.	)	

Joint Stipulation and Settlement Agreement

COMES NOW the undersigned parties to this proceeding and present this Joint Stipulation and Settlement Agreement ("Stipulation") for Commission approval as the parties' compromise of the issues presented in this Cause. The Stipulating Parties represent to the Commission that this Stipulation represents a fair, just and reasonable settlement of the issues, and that the terms and conditions are in the public interest. The Stipulating Parties urge this Commission to issue an order in this Cause adopting and approving this Stipulation in its entirety. It is hereby stipulated and agreed by and among the Stipulating Parties as follows:

(1) Neither this Stipulation nor any of the provisions hereof shall become effective unless and until the Commission shall have entered an order approving, without modification, the terms and provisions herein, without supplemental or additional terms, conditions and provisions. The provisions of this Stipulation are intended to relate only to the specific matters referred to herein, and by agreeing to this settlement, no party waives any claim or right to which it might otherwise have with respect to any matters not expressly provided herein. Furthermore, no party hereto admits to the correctness or appropriateness of any of the contentions of another. The Stipulating Parties specifically state and recognize that the Stipulation represents a negotiated settlement with respect to the issues presented herein and is a balance and compromise of the positions of each party hereto in consideration of the agreements and commitments made by the other parties in connection herewith. Accordingly, the Commission shall explicitly recognize that the execution of this Stipulation by each party hereto shall not be constructed as agreement or acquiescence by any one or all parties to any particular calculation, adjustment, theory or issue, except as specifically stated herein.

(2) The undersigned parties stipulate and agree to the following:

a) A total revenue requirement of $3,745,000, excluding the cost of gas.

b) The parties agree to tariff rates and structures reflected on the attached tariff sheets marked as Exhibit "1," attached hereto and incorporated herein by reference.

c) The new tariff rates and structures reflect the parties' next step to continue the process begun in Cause No. PUD 201000026 to unify the customer class rates and structures of the Fort Cobb and former LeAnn Gas Company class rates and structures. The parties believe it is in the best interest of the customers and company to continue the move toward the unification of the class rates and structures in future causes.

Joint Stipulation & Settlement Agreement
PUD 201400140
Page 2 of 2

d) The parties further agree that every residential and commercial customer bill, every month, shall include language making it clear that the first five Ccfs are charged on a "per Ccf" basis.

e) Nothing contained herein shall constitute an admission by any party that any allegation or contention in these proceedings as to any of the foregoing matters is true or valid and shall not in any respect constitute a determination by the Commission as to the merits of any allegations or contentions made in this proceeding.

f) The Stipulating Parties agree that the provisions of this Stipulation are the result of negotiations, and the terms and conditions of this Stipulation are interdependent. The Stipulating Parties agree that this Stipulation is in the public interest and, for that reason; they have entered into this Stipulation to settle among themselves the issues in this Stipulation. This Stipulation shall not constitute nor be cited as a precedent nor deemed an admission by any Stipulating Party in any other proceeding except as necessary to enforce its terms before the Commission or any state court of competent jurisdiction. The Commission's decision, if it enters an order consistent with this Stipulation, will be binding as to the matters decided regarding the issues described in this Stipulation, but the decision will not be binding with respect to similar issues that might arise in other proceedings. A Stipulating Party's support of this Stipulation may differ from its position or testimony in other causes. To the extent there is a difference, the Stipulating Parties are not waiving their positions in other causes. Because this is a stipulated agreement, the Stipulating Parties are under no obligation to take the same position as set out in this Stipulation in other dockets.

WHEREFORE the undersigned Stipulating Parties submit this Stipulation as their negotiated settlement of the issues in the proceedings identified herein, and respectfully request the Commission to approve this Stipulation without change.

C. Eric Davis, Assistant General Counsel
Public Utilities Division, Oklahoma Corporation Commission

Ron Comingdeer, Attorney
Kendall Parrish, Attorney
Fort Cobb Fuel Authority, LLC

Jerry J. Sanger, Assistant Attorney General
Attorney General of the State of Oklahoma

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

~~Original Page 1~~1st Revised Page 1
~~1~~ Replacing Original Page 1

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE
Section I-General Service & Industrial Rate Schedule:

I-A STANDARD SERVICE RATES (1)

Availability: Natural gas service under this rate schedule is available to any individually metered customer. Natural gas service is not available under this rate schedule for resale to others. Natural gas service is subject to all of the policies, rules and regulations as filed by Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C. ("Fort Cobb" or "Company") with the Oklahoma Corporation Commission ("Commission") and the orders and rules promulgated by the Commission.

Residential and Commercial Rate:

Rates for Fort Cobb's ~~LeAnn Division customers:~~

LeAnn Division customers:	**Residential**	**Commercial**
Customer Service Charge	~~$6.00~~16.00	$14.00
First 9~~5~~ Ccfs per month	~~$1.500~~2.96 per Ccf	$3.05 per Ccf
Over 9~~5~~ Ccfs per month	~~$0.585~~0.80 per Ccf	$0.75 per Ccf
Domestic Tap	$0.455 per Ccf	N/A

Rates for all other ~~Fort Cobb customers: The charge for natural gas supplied at one point of delivery, unless otherwise noted, in any monthly period will be:~~

Fort Cobb customers:	**Residential**	**Commercial**
Customer Service Charge	~~$6.00~~18.00	$16.00
First 9~~5~~ Ccfs per month	~~$2.000~~3.00 per Ccf	$3.00 per Ccf
Over 9~~5~~ Ccfs per month	~~$1.110~~1.23 per Ccf	$1.23 per Ccf
Domestic Tap	$0.455 per Ccf	N/A

Residential --- Only those customers to which the service is supplied to a residence such as a home, cottage or mobile home. The customer shall be responsible to pay the monthly Customer Service Charge for each meter connected, even if no natural gas is consumed by the customer.

Commercial --- Those customers such as churches, schools, restaurants, nursing homes, municipal buildings, commercial stores or other outlets such as service stations, and

Rates Authorized by the Oklahoma Corporation Commission

Effective:	Interim Order No.:	Cause/Docket No.:
		PUD 201400140
March 18, 2013	608323	PUD 201000026
January 11, 2011	581864	PUD 201000217
December 31, 2010	581539	PUD 201000022

Exhibit "1"

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

~~Original Page 1~~1st Revised Page 2
~~1~~ Replacing Original Page 1

like customers. Usage by such users will be reported as "Commercial volumes and revenues". The customer shall be responsible to pay the monthly Customer Service Charge for each meter connected, even if no natural gas is consumed by the customer.

Domestic Tap customers are those single meter customers receiving service where their service drop is directly connected to and they are receiving natural gas directly from a transmission line and not directly from the Company's distribution system.

(1) Applicable state agency taxes, federal agency taxes, surcharges and fees shall apply in addition to the rates and charges herein and shall be remitted to the appropriate agency.

Rates Authorized by the Oklahoma Corporation Commission		
Effective:	Interim Order No.:	Cause/Docket No.:
		PUD 201400140
March 18, 2013	608323	PUD 201000026
January 11, 2011	581864	PUD 201000217
December 31, 2010	581539	PUD 201000022

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

~~Original Page 3~~1[st] Revised Page 3
~~2~~ Replacing Original Page 2

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE

Agriculture Power Rate:

Customer Facility Charge	$~~6.00~~20.00 per month
First Ccf	$~~12.00~~10.75
All Ccf over first Ccf	$ ~~0.79~~0.83 per Ccf

The Agriculture Rate Schedule shall be applied to those customers of the Company who are engaged in the use of natural gas as fuel for engines as a power source for the lifting or distribution of water for agricultural irrigation purposes or other rural energy generation needs. The Company will evaluate other similar prospective uses on a case-by-case basis and if any dispute exists between a prospective customer and the Company as to the applicability of this rate, the matter will be forwarded to the Commission for resolution under the existing rules. The rate for all usage over the first Ccf will be further reduced by $0.01 for each Ccf if the customer has more than one irrigation meter through which natural gas was measured that month. There will be no consolidation of meters except for the calculation of the rate over the first Ccf. For example, if the customer has five (5) irrigation meters that flowed natural gas during a given month, then the customer will be billed $6.00 per meter and $12.00 for the first Ccf through each meter and the rate for each Ccf above the first Ccf through each meter will be $0.74 ($0.79 - .05) for that month. A disconnection charge of $50.00 will apply for each meter that is disconnected from the system.

Agricultural Heat Rate:

Customer Facility Charge	$~~6.00~~20.00
First Ccf	$~~42.00~~30.00
All Ccf over first Ccf	$ ~~0.89~~0.90 per Ccf

The Agricultural Heat rates shall apply per meter. This rate schedule shall be applied to those customers of the Company who utilize natural gas for fuel in the process of drying agricultural products. It shall also be applied to those customers who utilize natural gas for fuel in supplying heat, hot water, or steam for the operation of livestock operations. Other similar prospective uses will be evaluated on a case-by-case basis by the Company and if any dispute exists between a prospective customer and the Company as to the applicability of this rate, the matter will be forwarded to the Commission for resolution under the existing rules.

Rates Authorized by the Oklahoma Corporation Commission:		
Effective:	Order No.	Cause/Docket No.
		PUD 201400140
July 24, 2014	628223	PUD 201400019
March 18, 2013	608323	PUD 201000026
December 31, 2010	581540	PUD 201000026
December 31, 2010	581539	PUD 201000022

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

~~Original Page 4~~1st Revised Page 4
~~3~~ Replacing Original Page 3

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE

Industrial Rate:

First 1-~~3~~5 Ccf per month	$~~100.00~~134.00
46-300~~3~~5 Ccf per month	$ ~~1.00~~1.20 per Ccf
30046-10,000 Ccf per month	$ 0.10 per Ccf
10,001 and over per month	$ 0.01 per Ccf

The Industrial rates shall apply *per* customer, not per meter, where multiple meters are placed at the convenience of the Company to serve an individual customer and/or the meters are located within a contiguous land area where use rights are vested with the customer. The Industrial Rate Schedule shall be applied to those customers of the Company whose usage is such that it is more economical for the customer to be on the industrial tariff versus the commercial tariff.

Compressed Natural Gas Rate - Retail: **AT**

Customer Facility Charge	$600.00
Tier 1 – 1 to 3,000 Ccf (& all Ccf during establishment period)	$ 0.11 per Ccf
Tier 2 – 3,001 to 6,000 Ccf	$ 0.22 per Ccf
Tier 3 – 6,001 to 10,000 Ccf	$ 0.33 per Ccf
Tier 4 – 10,001 to 25,000 Ccf	$ 0.09 per Ccf
Tier 5 – All Ccf over 25,000 Ccf	$ 0.01 per Ccf

Natural gas service under this rate schedule is available for providing gas service to a compressed natural gas facility, at any point on Company's system where adequate capacity presently exists, or can be provided in accordance with the rules of the Oklahoma Corporation Commission, or the system of another pipeline with respect to which the Company has an agreement with such pipeline or is taking gas pursuant to a tariff for such service but only to the extent that: (1) the meter for such customer exists as of the effective date of this tariff; (2) service is required by law; and (3) service is agreed to by such pipeline. The customer will provide, install and maintain all necessary compression facilities including the equipment to be installed on the Customer's vehicles. The Customer is required to provide electrical service and power to the compression facilities.

AT

Rates Authorized by the Oklahoma Corporation Commission:

Effective:	Order No.	Cause/Docket No.
		PUD 201400140
July 24, 2014	628223	PUD 201400019
March 18, 2013	608323	PUD 201000026
December 31, 2010	581540	PUD 201000026
December 31, 2010	581539	PUD 201000022

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF FORT COBB FUEL AUTHORITY, L.L.C. FOR AN ORDER OF THE COMMISSION AUTHORIZING APPLICANT TO CHANGE OR MODIFY ITS RATES, CHARGES, AND TARIFFS	))))))	CASE NO. PUD2023-000030 ORDER NO. 741753

HEARING: March 5, 2024, in Concourse Theater, Suite C50 (live and video teleconference)
Will Rogers Memorial Office Building
2401 North Lincoln Boulevard, Oklahoma City, Oklahoma, 73105
Before Carly M. Ortel, Administrative Law Judge

APPEARANCES: Ron Comingdeer and Dustin R. Murer, Attorneys *representing* Fort Cobb Fuel Authority, L.L.C.
A. Chase Snodgrass, Deputy Attorney General and K. Christine Chevis and Ashley N. Youngblood, Assistant Attorneys General *representing* Office of the Attorney General, State of Oklahoma
Natasha M. Scott, Chief Legal Counsel, Michael L. Velez, Mike S. Ryan, and Justin Cullen, Deputy General Counsels *representing* Public Utility Division, Oklahoma Corporation Commission

FINAL ORDER APPROVING JOINT STIPULATION AND SETTLEMENT AGREEMENT

The Corporation Commission of the State of Oklahoma ("Commission") being regularly in session and the undersigned Commissioners present and participating, there comes on for consideration and action the Application of Fort Cobb Fuel Authority, L.L.C. ("Fort Cobb" or "Applicant" or "Company") to change or modify the rates, charges and tariffs of Fort Cobb, and the subsequent Joint Stipulation and Settlement Agreement ("Stipulation"), attached hereto as Attachment "A", unanimously entered into and executed by Fort Cobb, the Commission's Public Utility Division ("PUD"), and the Attorney General of the State of Oklahoma ("Attorney General") (collectively, the "Parties" or the "Stipulating Parties").

I. PROCEDURAL HISTORY

On May 5, 2023, Fort Cobb filed its Notice of Intent giving notice to the Commission of its intent to file an Application seeking to modify the rates and charges for Fort Cobb's Oklahoma jurisdiction customers as well as to seek approval of appropriate tariffs and its terms and conditions of service.

On May 26, 2023, a Notice of Prehearing Conference was filed setting a Prehearing Conference for hearing on June 8, 2023.

Also on May 26, 2023, PUD filed an Entry of Appearance on behalf of Kenneth B. Behrens, Natasha M. Scott, Michael L. Velez, Mike S. Ryan, and Justin Cullen.

On May 30, 2023, the Attorney General filed an Entry of Appearance on behalf of A. Chase Snodgrass and K. Christine Chevis.

On June 8, 2023, the Prehearing Conference was heard and recommended.

On June 20, 2023, Fort Cobb filed its Application Package.

On July 10, 2023, Fort Cobb filed a Motion to Establish Notice Requirements and a Motion to Establish Protective Order, along with Notices of Hearing setting the Motion to Establish Notice Requirements and the Motion to Establish Protective Order for hearing on July 13, 2023.

On July 13, 2023, the Motion to Establish Notice Requirements and the Motion to Establish Protective Order were heard and recommended.

On July 24, 2023, PUD filed its Response Regarding Applicant's Compliance with the Minimum Filing Requirements.

On July 27, 2023, the Commission issued Order No. 736064, Order Granting Protective Order.

On August 1, 2023, Fort Cobb filed a Supplemental Application and Response to Staff's Response to Fort Cobb's Compliance with the Minimum Filing Requirements.

On August 16, 2023, a Notice of Withdrawal of Counsel was filed on behalf of Kenneth B. Behrens.

Also on August 16, 2023, PUD filed an Entry of Appearance on behalf of Jonathon Herndon.

On August 23, 2023, PUD filed its Response to Applicant's Supplemental Application Regarding Applicant's Compliance with the Minimum Filing Requirements.

On September 12, 2023, Fort Cobb filed an Amendment to the Direct Testimony of Thomas Hartline on behalf of Fort Cobb Fuel Authority, L.L.C.

On September 14, 2023, Fort Cobb filed a Motion for an Order Prescribing Procedural Schedule, along with a Notice of Hearing setting the Motion for an Order Prescribing Procedural Schedule for hearing on September 21, 2023.

Also on September 14, 2023, PUD filed its Response Regarding Applicant's Compliance with the Minimum Filing Requirements.

Also on September 14, 2023, a Notice of Prehearing Conference was filed setting a Prehearing Conference for hearing on September 21, 2023.

On September 21, 2023, the Motion for an Order Prescribing Procedural Schedule was stricken, and the Prehearing Conference was heard and recommended.

Also on September 21, 2023, an Oral Motion for Procedural Schedule was heard and recommended, and an Oral Recommendation Form was filed.

On September 26, 2023, the Attorney General filed an Entry of Appearance of Counsel on behalf of Ashley N. Youngblood.

On October 13, 2023, Fort Cobb filed a Second Amendment to the Direct Testimony of Thomas Hartline on Behalf of Fort Cobb Fuel Authority, L.L.C.

On November 2, 2023, the Commission issued Order No. 738186, Order Granting Oral Motion to Establish Procedural Schedule.

On November 9, 2023, the Commission issued Order No. 738327, Order Granting Motion to Establish Notice Requirements.

On November 21, 2023, the following documents were filed:

a) Direct Testimony of Geoffrey M. Rush;
b) Responsive Testimony of Andrew Scribner;
c) Responsive Testimony of Farzad Khalili;
d) Responsive Testimony of John Givens;
e) Responsive Testimony of David Scalf;
f) Responsive Testimony of Hannah Hubler;
g) Responsive Testimony of McKlein Aguirre;
h) Responsive Testimony of Todd F. Bohrmann on Behalf of Gentner F. Drummond, Oklahoma Attorney General;
i) PUD Revenue Requirement Exhibit;
j) Responsive Testimony of Ahmed Baqir on Behalf of Gentner F. Drummond, Oklahoma Attorney General; and
k) Responsive Testimony of Greg Matejcic on Behalf of Gentner F. Drummond, Oklahoma Attorney General.

On December 5, 2023, PUD filed the Cost of Service/Rate Design Testimony of David Scalf, and the Attorney General filed the Rate Design Testimony of Todd F. Bohrmann on Behalf of Gentner F. Drummond, Oklahoma Attorney General.

On January 8, 2024, the Attorney General filed the Rebuttal Testimony of Ahmed Baqir on Behalf of Gentner F. Drummond, Oklahoma Attorney General.

On January 9, 2024, Fort Cobb filed the Rebuttal Testimony of Thomas Hartline on Behalf of Fort Cobb Fuel Authority, L.L.C.

On January 16, 2024, Fort Cobb filed an Affidavit of Mailing.

On January 19, 2024, the following documents were filed:

a) Summary of Responsive Testimony of John Givens;

b) Summary of Responsive and Cost of Service/Rate Design Testimony of David Scalf;
c) Summary of Responsive Testimony of Andrew Scribner;
d) Summary of Responsive Testimony of Farzad Khalili;
e) Summary of Responsive Testimony of McKlein Aguirre;
f) Errata Testimony of Farzad Khalili;
g) Summary Testimony of Geoffrey M. Rush;
h) Summary of Responsive Testimony of Hannah R. Hubler;
i) PUD Amended Revenue Requirement Exhibit;
j) Summary of Responsive Testimony of Todd F. Bohrmann on Behalf of Gentner F. Drummond, Oklahoma Attorney General;
k) Summary of Rate Design Testimony of Todd F. Bohrmann on Behalf of Gentner F. Drummond, Oklahoma Attorney General;
l) Summary of Responsive Testimony of Greg J. Matejcic on Behalf of Gentner F. Drummond, Oklahoma Attorney General;
m) Summary of Responsive Testimony of Ahmed Baqir on Behalf of Gentner F. Drummond, Oklahoma Attorney General;
n) Summary of Rebuttal Testimony of Ahmed Baqir on Behalf of Gentner F. Drummond, Oklahoma Attorney General;
o) Witness and Exhibit List of the Attorney General;
p) Issues List filed on Behalf of the Attorney General;
q) Attorney General's Surrebuttal Outline;
r) The Public Utility Division's Exhibit and Witness List;
s) Public Utility Division's Outline of Surrebuttal Issues;
t) Public Utility Division's Issues List;
u) Summary of Testimony of Thomas Hartline on Behalf of Fort Cobb Fuel Authority, L.L.C.;
v) Issue List of Fort Cobb Fuel Authority, LLC;
w) Witness and Exhibit List of Fort Cobb Fuel Authority, LLC; and
x) Surrebuttal Issue List of Fort Cobb Fuel Authority, LLC.

On January 22, 2024, Public Comment was filed.

On January 23, 2024, PUD filed the Errata Testimony of David Scalf.

On January 24, 2024, Public Comment was filed.

Also on January 24, 2024, the Attorney General filed a Motion to Dismiss, along with a Notice of Hearing setting the Motion to Dismiss for hearing on January 30, 2024.

On January 25, 2024, Fort Cobb filed a Motion to Advance Oral Argument on the Attorney General's Motion to Dismiss, along with a Notice of Hearing setting the Motion to Advance Oral Argument on the Attorney General's Motion to Dismiss for hearing on Tuesday, January 30, 2024.

On January 26, 2024, Public Comment was filed.

On January 29, 2024, Fort Cobb filed a Notice of Withdrawal as Counsel on behalf of E.J. Thomas.

On January 30, 2024, the Prehearing Conference was heard and recommended, and Public Comment was held.

Also on January 30, 2024, the Motion to Dismiss was continued by agreement of the Parties to February 1, 2024, and the Hearing on the Merits ("Hearing") was continued by agreement of the Parties to February 13, 2024.

Also on January 30, 2024, a Public Comment Sign-in Sheet was filed.

Also on January 30, 2024, the Motion to Advance Oral Argument on the Attorney General's Motion to Dismiss was heard by the Commission *en banc* and was granted.

Also on January 30, 2024, the Attorney General's Motion to Dismiss was heard by the Commission *en banc* and was denied in part.

Also on January 30, 2024, the Commission issued Order No. 739989, Order Granting Motion to Advance Oral Argument and Order Denying in Part the Attorney General's Motion to Dismiss, striking the Hearing set on February 13, 2024.

On January 31, 2024, a Notice of Prehearing Conference was filed setting a Prehearing Conference for hearing on February 1, 2024.

On February 1, 2024, the Prehearing Conference was heard and recommended, and the Hearing on the Merits, Public Comment, and a Prehearing Conference, all originally set for February 13, 2024, were reset to March 5, 2024, by agreement of the Parties and in accordance with Order No. 739989.

Also on February 1, 2024, the hearing on the Attorney General's Motion to Dismiss, set before the Administrative Law Judge ("ALJ"), was stricken.

On February 5, 2024, Public Comment was filed.

On February 7, 2024, PUD filed a Notice of Withdrawal of Counsel on behalf of Jonathon Herndon.

On February 8, 2024, the Commission issued Order No. 740229, Order Correcting Order No. 739989.

On February 12, 2024, Public Comment was filed.

On February 13, 2024, the Hearing on the Merits was stricken per Order No. 739989, Order Granting Motion to Advance Oral Argument and Order Denying in Part the Attorney General's Motion to Dismiss.

On February 15, Fort Cobb filed an Affidavit of Mailing stating that notice was mailed, postage prepaid, to all customers of Fort Cobb Fuel Authority, L.L.C., as required by Order No. 739989.

On February 20, 2024, Public Comment was filed.

On February 26, 2024, Public Comment was filed.

On February 29, 2024, a Joint Stipulation and Settlement Agreement was filed.

On March 4, 2024, PUD filed the Settlement Testimony of David Scalf.

Also on March 4, 2024, Fort Cobb filed the Testimony in Support of the Joint Stipulation and Settlement Agreement of Carlos A. Gonzalez Meixueiro on Behalf of Fort Cobb Fuel Authority, L.L.C.

Also on March 4, 2024, Public Comment was filed.

On March 5, 2024, Fort Cobb filed an Affidavit of Mailing stating that notice was mailed, postage prepaid, to all customers of Fort Cobb Fuel Authority, L.L.C., as required by Order No. 739989.

Also on March 5, 2024, the Prehearing Conference was heard and recommended, Public Comment was held, and the Application came on for hearing. After hearing the arguments of Counsel on the Stipulation, attached hereto as Attachment "A", the ALJ recommended approval of the Stipulation.

Also on March 5, 2024, a Public Comment Sign-in Sheet was filed.

On March 11, 2024, Public Comment was filed.

II. SUMMARY OF THE EVIDENCE

Documents filed in this Case, including the pre-filed witness testimonies of the Parties, and the summaries of such, are contained in the records maintained by the Court Clerk of the Commission. Summaries of the pre-filed and oral testimonies of the Parties in support of the Stipulation, as well as testimony presented at the Hearing on the Merits on March 5, 2024, are as follows:

Fort Cobb Fuel Authority, L.L.C.

Carlos A. Gonzalez Meixueiro, Director of Accounting for Fort Cobb, testified on behalf of Fort Cobb. Mr. Gonzalez testified in support of the Stipulation. He testified that he and others within Fort Cobb were involved in extensive discussions with PUD and the Attorney General that resulted in the Parties reaching a negotiated settlement of all open issues presented in this Case. On February 29, 2024, the Parties filed the Stipulation containing their agreement. The provisions of the Stipulation are intended to relate only to the specific matters referred to therein, and by agreeing to the settlement, no party waives any claim or right to which it might otherwise have with respect to any matters not expressly provided therein. Furthermore, no party admits to the correctness or appropriateness of any of the contentions of another. The Stipulating Parties specifically state and recognize that the Stipulation represents a negotiated settlement with respect to the issues presented therein and is a balance and compromise of the positions of each party hereto in consideration of the agreements and commitments made by the other parties in connection herewith. Gonzalez Settlement Test. 2:1-14. [1]

Mr. Gonzalez further testified that after the Parties filed testimony stating their positions on the issues presented in this Case, the Parties began discussions to better understand each party's position. Fort Cobb filed testimony requesting a total annual revenue increase of $1,319,225. PUD filed testimony recommending a revenue increase of approximately $708,514, and the Attorney General filed testimony recommending an annual revenue increase of $824,251. Due to some unique issues presented in the Case, it was not necessary for the Parties to agree on all specific numbers, such as the rate base and expense levels, but all Parties were able to agree to the net plant balance, as of December 31, 2022, of $6,366,656, the return on equity ("ROE") of 11.40 percent, the annual base rate increase of $799,214, and the cost of debt of 7.13 percent. The cost of debt agreed to in the Stipulation reflects the removal of the approximate two percent adder to the cost of debt associated with the shareholders having to guarantee the Company's debt, which was approved in Final Order No. 637181 in Fort Cobb's last rate case. Gonzalez Settlement Test. 2:21-3:16. [2]

Mr. Gonzalez further testified that the Company has agreed to file its next general rate case with a test-year period ending no later than December 2028. However, this provision does not limit Fort Cobb's ability to file a general rate case with a test-year period earlier than December 2028. With the next general rate case, the Company will also file a completed Class Cost of Service Study that, at a minimum, will be similar to the analysis developed by PUD and submitted in this Case. Gonzalez Settlement Test. 4:1-5.

Mr. Gonzalez further testified that the increase in the base rates and the proposed structures reflect the Parties' next step to continue the process begun in Cause No. PUD 201000026 to unify the customer class rates and structures of the Fort Cobb and former LeAnn Gas Company class rates and structures. He stated that he believes it is in the best interests of all of Fort Cobb's customers and the Company to continue the move toward the unification of the class rates and structures in future cases. Gonzalez Settlement Test. 4:8-13.

Mr. Gonzalez further testified that the Company made the choice of phasing in the base rate increase to soften the impact on customers. The Company has delayed filing a rate case for almost a decade to minimize cost increases for its customers, but it was in the best interests of the Company and its customers that Fort Cobb filed this Case. He testified that the Company voluntarily chose to phase in the increase in base rates, and, as a result, the Company will not recover over $71,000 of the agreed base rate increase. Pursuant to Section 152(B)(4) of Title 17 of the Oklahoma Statutes, the Company implemented interim rates designed to produce

[1] The pagination on the Gonzalez Settlement Testimony incorrectly reflects page two twice. This citation can be found on the file stamped page three.
[2] The pagination on the Gonzalez Settlement Testimony incorrectly reflects page two twice. This citation can be found on the file stamped pages three and four.

approximately $727,000 annually with its February 1, 2024, billing, and will not implement rates designed to produce the $799,214 annual revenues until January 1, 2025. The agreed tariff revisions, including the rates, are attached to the Stipulation. Gonzalez 4:13-6:2.

Mr. Gonzalez further testified that, in addition to other cost recovery mechanisms, the Parties recommend edits to two different cost recovery riders. The first rider relates to the Company's current energy efficiency programs: the Irrigation Engine Replacement Program ("IERP") and the Appliance Rebate Program ("ARP"). The IERP tariff provides support to offset the rental cost of new electronically controlled, high efficiency, natural gas-powered engines, and is made available by the Company to its agricultural irrigation users. The ARP is available to residential and commercial customers of the Company when the customers replace certain inefficient electric appliances with efficient natural gas units. The specific purposes are more fully set out in the Company's tariff. Both programs have been around for many years, and they have and will continue to provide great benefits to the Company's customers. The other cost recovery rider that is being revised is for the recovery of Commission assessments made pursuant to OAC 165:5-3-27 and OAC 165:20-3-1. The purpose of the revisions is to ensure proper recovery of the amounts assessed on the Company, and, thereafter, the recovery of those amounts from customers, and to avoid over/under recovery. Mr. Gonzalez testified that he believes recovering costs incurred by the Company due to governmental actions and that are flow-through items, such as these assessments, are better recovered through riders, as recommended for these Commission assessments in the Stipulation. Gonzalez Settlement Test. 5:4-21.

Mr. Gonzalez further testified that the Parties have agreed that the Company can recover a portion of its rate case expense through a rider. This item is presented in more detail in paragraph 2(d) of the Stipulation. Another item addressed in the Stipulation is that the Company is to review its policies and procedures to assure that its administration of these policies and procedures precisely follows the Commission's rules relevant to Customer Deposits. Upon review of the Company's policies and procedures, Mr. Gonzalez confirmed that Fort Cobb is in compliance with the Deposit Policy submitted to PUD pursuant to OAC 165:45-11-1(a) and the Commission's rules. The Company's policy provides, "Deposits plus accrued interest shall be refunded after twelve (12) consecutive months of satisfactory payment of undisputed charges, where payment was not late more than twice, provided the Company has sufficient cash on hand." As agreed in the Stipulation, Fort Cobb examined its records to ensure that it is in compliance and will follow the policy of refunding Customer Deposits in compliance with the Commission rules and the approved deposit policy that was submitted to the Commission. Further, Fort Cobb will be providing notice to its customers, at least annually, notifying them of the Company's obligation to refund deposits, plus interest, that meet the criteria set forth above. Mr. Gonzalez concluded his testimony by stating that Fort Cobb supports the Stipulation and requests the Commission to approve it as soon as possible. Gonzalez Settlement Test. 6:3-7:2.

Oklahoma Attorney General

Greg J. Matejcic, Senior Regulatory Analyst, testified on behalf of the Attorney General at the Hearing on the Merits held on March 5, 2024, in support of the Stipulation. Mr. Matejcic did not pre-file testimony in support of the Stipulation. Mr. Matejcic noted that all Parties to the Case signed the Stipulation and stated that he supported Company witness Mr. Gonzalez's and

PUD witness David Scalf's testimonies in support of the Stipulation as to the terms of the Stipulation contained therein.

Mr. Matejcic first addressed the revenue requirement provision of the Stipulation, explaining that the revenue requirement increase requested by Fort Cobb in this Case was approximately $1.3 million,[3] and that the Attorney General's revenue requirement recommendation was a revenue requirement deficiency of $824,251.[4] He then explained that the revenue requirement agreed upon by the Parties in the Stipulation was a revenue requirement deficiency of $799,214, plus the collection of rate case expense in the amount of $47,000, to be collected over a five year amortization period.[5] Mr. Matejcic agreed that together, those provisions contained in the Stipulation were close to the Attorney General's recommendation.

Mr. Matejcic then addressed the ROE provision of the Stipulation, explaining that the Attorney General's ROE recommendation consisted of a range of recommended ROEs, with the top end of that recommendation being 11.4 percent.[6] He then explained that the ROE agreed upon by the Parties in the Stipulation was also 11.4 percent.[7]

Mr. Matejcic concluded by testifying that he believed the Stipulation to be the result of robust settlement negotiations between the Parties, that it was fair, just, and reasonable, and that it was in the public interest. He testified that his recommendation to the Commission was to approve the Stipulation.

Public Utility Division

David Scalf, Program Manager VI, testified on behalf of PUD in support of the Stipulation. Mr. Scalf testified the Stipulation is unanimous and contains input from all Parties after a thorough and robust settlement process. He also stated that all Parties to the Case signed the Stipulation. Scalf Settlement Test. 4:16-20.

Mr. Scalf testified that Section 1 of the Stipulation contains the non-severability clause, which is commonly included in joint stipulation and settlement agreements, and that Section 2 of the Stipulation outlines all the main provisions of the Stipulation in subparts 2(a) to 2(t). Scalf Settlement Test. 5:1-7.

Mr. Scalf testified that provision 2(a) establishes that the total annual base rate revenue increase agreed to by the Parties is $799,214, excluding the cost of gas and rate case expense recovery. Mr. Scalf noted that the base rate revenue deficiency agreed to is in a range between the filed positions of the Attorney General and PUD, and represents a fair, just, and reasonable outcome to the Case that is in the public interest. Scalf Settlement Test. 5:9-15.

---

[3] Second Amendment to the Direct Testimony of Thomas Hartline for Fort Cobb Fuel Authority, LLC, Attachment A, Section B-1 (Oct. 13, 2023).
[4] Rebuttal Testimony of Ahmed Baqir for Oklahoma Attorney General, Rebuttal Exhibit AB-1 (Jan. 8, 2024).
[5] Joint Stipulation and Settlement Agreement, ¶¶ 2(a), 2(d) (Feb. 29, 2024).
[6] Responsive Testimony of Todd F. Bohrmann for Oklahoma Attorney General 14:12-13 (Nov. 11, 2023).
[7] Joint Stipulation and Settlement Agreement, ¶ 2(g) (Feb. 29, 2024).

Mr. Scalf explained that the components of the base revenue deficiency per PUD are as follows:[8]

Description	Amount
PUD filed Errata Base Rate Revenue Increase	$708,514
*Change in Cash Working Capital	$995
*Remove PUD Bad Debt Adjustment	$29,720
*Adjust Outside Services Adjustment	$50,200
*Remove PUD Ad Valorum Adjustment	$9,785
Base Rate Revenue Increase per Agreement	$799,214

* Amounts have been grossed up for income taxes

Mr. Scalf then testified that provision 2(b) establishes that Fort Cobb's tariffs and the processes currently used therein shall remain unchanged except as provided by the Stipulation, and that the Parties agree to tariff rates and structures reflected on the tariff sheets attached to the Stipulation and marked as Exhibit A thereto and incorporated therein by reference. Scalf Settlement Test. 6:4-9.

Mr. Scalf testified that provision 2(c) states that the new tariff rates and structures reflect the Parties' next step to continue the process begun in Cause No. PUD 201000026 to unify the customer class rates and structures of the Fort Cobb and former LeAnn Gas Company class rates and structures. Mr. Scalf noted that the Parties believe it is in the best interests of the Company and customers to continue the move toward the unification of the class rates and structures in future cases. He testified that it is PUD's position that the move toward state-wide rates, like most utilities have in Oklahoma, would reduce confusion among customers and the Company regarding what rates are in effect in which area. Having consistent rates may also have the result of reducing back-office costs, such as those associated with Fort Cobb's billing system. Scalf Settlement Test. 6:14-7:6.

Mr. Scalf next testified that PUD supports provision 2(d) and noted that this provision of the Stipulation contains multiple topics that he addressed separately. First, he noted that this provision identifies the level of rate case expense the Company will collect and the associated collection period. This provision identifies that the rate case expense amortization ($9,400 annually) is not included within the identified Base Rate Increase of $799,214. Finally, this provision identifies that there will be an annual true-up of the collection of rate case expense, ($9,400 vs. what was collected by Fort Cobb from customers), and a final true-up at the end of sixty months (five years) to ensure that the Company only collects $47,000 from customers. Other true ups are identified in this provision to ensure that the Company only collects from customers what is authorized by the Commission. Finally, this provision notes that the Company will continue to follow the Commission's Pipeline Safety Rules. In summary, this provision implements an annual true-up of several riders, will ensure that the Company only collects, and customers only pay, amounts that are authorized by the Commission, and that Fort Cobb will abide by the Commission's Pipeline Safety Rules. Scalf Settlement Test. 7:7-8:8.

[8] Scalf Settlement Test. 6:1-3.

Mr. Scalf testified that the next provision, 2(e), establishes that Fort Cobb shall file its next general rate change application with a test year period ending no later than December 2028, but does not prohibit Fort Cobb from filing a general rate change application with a test-year period earlier than December 2028. PUD supports this provision because it was ten years between Fort Cobb's last general rate change filing and the current Case. Thus, this provision ensures the period between this Case and the Company's next rate change filing will be shorter. With shorter periods between filings, customer rate shock should be eliminated or muted. Scalf Settlement Test. 8:11-20.

Mr. Scalf testified that provision 2(f) ensures that, since the Company has the burden of proof regarding requested amounts and rate changes, Fort Cobb will complete and file a Class Cost of Service Study in its next general rate change application that, at a minimum, will be similar to the analysis developed by PUD in this Case. Scalf Settlement Test. 9:2-10.

Mr. Scalf next noted that provision 2(g) establishes the Company's Rate of Return on Equity is 11.40%, and that PUD supports this Rate of Return on Equity as it falls within PUD's range of reasonableness of 9.42% to 11.42%. Pursuant to provision 2(h), Fort Cobb's next general rate change application shall use a debt-to-equity ratio of at least 60%-40% for the purposes of setting rates. And, pursuant to provision 2(i), Fort Cobb's requested long-term debt is 7.13%, reflecting removal of the 2% adder which was granted in Final Order No. 637181 in Cause No. PUD 2014-00140. Finally, in provision 2(j), the total Weighted Average Cost of Capital ("WACC") agreed to is 8.84%. Scalf Settlement Test. 9:13-11:5.

Mr. Scalf testified that Rate Base is $6,259,451, including a net plant balance of $6,366,656, as reflected in provision 2(k) of the Stipulation. Scalf Settlement Test. 11:7-8.

Mr. Scalf next discussed provision 2(l), which covers the new tariff rates to be implemented in accordance with the Stipulation. He noted that the average monthly customer impacts resulting from the Stipulation are as follows:

Fort Cobb Residential:	$7.62
LeAnn Residential:	$9.17
Fort Cobb Commercial:	$5.25
LeAnn Commercial:	$36.10[9]

At the Hearing, Mr. Scalf testified that the foregoing rates compare very favorably to the average monthly increase requested by Fort Cobb in its Application, which are as follows:

Fort Cobb Residential:	$17.34
LeAnn Residential:	$26.82
Fort Cobb Commercial:	$41.71
LeAnn Commercial:	$80.33[10]

[9] Scalf Settlement Test. 11:14-21.
[10] Scalf Settlement Test. 12:7-11.

Mr. Scalf testified that provision 2(m) covers various collections and true ups recommended by PUD to ensure that the Company only collects, and the customers only pay, what has been authorized by the Commission. Scalf Settlement Test. 12:18-13:10.

Mr. Scalf then testified that provisions 2(n) and 2(o), which involve modifications to the Commission Assessment Rider and the Energy Efficiency Tariff, were recommended by PUD in its Responsive Testimony. Scalf Settlement Test. 13:12-14:20.

Mr. Scalf further testified that provision 2(p) was also recommended by PUD in its Responsive Testimony. Provision 2(p) states that the Parties recommend that the Commission find that the Company's plant investments, including acquisitions and the associated acquisition adjustments, are prudent and in the public interest. Mr. Scalf testified that provision 2(p) further states that the Company has acquired new systems at a very low cost, allowing those customers to keep their gas service and providing benefits to all customers through higher revenues and lower per-customer fixed costs. Provision 2(p) continues to state that the Company has invested prudently and efficiently, in a manner that has kept net plant balances relatively flat over many years. Scalf Settlement Test. 14:22-15:8.

Mr. Scalf testified that provision 2(q) was also recommended by PUD in its Responsive Testimony. He testified that provision 2(q) states that the Parties recommend that the Commission find the Company's Repair and Maintenance expenses reasonable and prudently incurred. Scalf Settlement Test. 15:10-19.

Next, Mr. Scalf discussed provision 2(r) and that, in accordance with the Stipulation, the Company will maintain its current proposed Depreciation Rates, except for those applicable to the recently acquired Southern Star and Jennings-Hallett systems. For the acquired systems, the Parties recommend that the Commission approve the rates as identified within the following table:

Asset	Remaining Lives
Southern Star Services	411 months
Southern Star Acquisition Adjustment	411 months
Jennings-Hallett Mains	240 months
Jennings-Hallett Services	240 months
Jennings-Hallett Acquisition Adj.	240 months

Mr. Scalf noted that these recommended rates take into account the approximate average age of the systems when acquired and align the lives of acquisition adjustments with those of the underlying assets to avoid shifting costs to future ratepayers. Mr. Scalf stated that, while this provision is a modification to the depreciable lives recommended by PUD in its Responsive Testimony, PUD is supportive of this provision as a fair and just compromise in the settlement of this Case. Moreover, Mr. Scalf testified that the Parties are requesting that the Commission accept two adjustments resulting from PUD's recommended changes to depreciation lives: PUD Adjustment B-3 to decrease rate base in the amount of $(73,952) and PUD Adjustment H-5 to decrease operating income in the amount of $(49,253). Scalf Settlement Test. 15:20-16:6.

Mr. Scalf testified that, in provision 2(s) of the Stipulation, Fort Cobb agrees that it will follow all Commission rules including, but not limited to, those relevant to Customer Deposits. Specifically, with regard to Customer Deposits, Fort Cobb agrees to review its policies and procedures to assure that its administration of those policies and procedures precisely follow the Commission's rules relevant to Customer Deposits as written. To the extent that Fort Cobb discovers any discrepancies between its administration of these policies and procedures and those permitted by Commission rules, Fort Cobb agrees to remedy said discrepancies without delay by aligning its policies and procedures with the Commission's rules as written and by the return of any erroneously withheld deposits to its customers or submit a plan and/or waiver in accordance [*sic*] 165:45-11-1.[11] The Company shall submit good cause for any variance requested from the rules. Scalf Settlement Test. 17:2-13.

Mr. Scalf indicated PUD supports provision 2(s) as it provides assurance that Fort Cobb will follow the Commission's rules including, but note limited to, those relevant to Customer Deposits. If the Company discovers any differences between these rules and its policies and procedures, Fort Cobb will remedy these differences without delay, including any effect on any customer, and/or they will remedy such differences by requesting a waiver from the Commission's Customer Deposit Rules. Scalf Settlement Test. 17:15-19.

Mr. Scalf testified that provision 2(t) of the Stipulation contains boiler plate language commonly included in such agreements, and that PUD supports the inclusion of this provision. Scalf Settlement Test. 17:21-18:18.

Mr. Scalf concluded his testimony by stating that it is PUD's recommendation that the Commission approve the unanimous Joint Stipulation and Settlement Agreement filed in this Case on February 29, 2024, as the Stipulation was the result of robust settlement negotiations between the Parties. He further stated that PUD believes the Stipulation is fair, just, reasonable and in the public interest. Scalf Settlement Test. 18:20-27.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

THE COMMISSION FINDS that it has jurisdiction in this Case pursuant to Okla. Const. art. 9, § 18, Okla. Stat. tit. 17 § 151 *et seq.,* Okla. Stat. tit. 17 § 250 *et seq.*, Okla. Admin. Code § 165:45 *et seq.,* and Okla. Admin. Code § 165:70 *et seq.*

THE COMMISSION FURTHER FINDS that notice was proper and given as required by law and the rules of the Commission.

THE COMMISSION FURTHER FINDS that the Stipulating Parties executed a Joint Stipulation and Settlement Agreement, attached hereto as Attachment "A", and incorporated herein by reference.

[11] This scrivener's error found in Mr. Scalf's Settlement Testimony, as well as the Stipulation, was addressed on the record at the Hearing to be in reference to OAC 165:45-11-1.

THE COMMISSION FURTHER FINDS that the Joint Stipulation and Settlement Agreement, attached hereto as Attachment "A", reflects a full, final, and complete settlement of all issues in this proceeding.

THE COMMISSION FURTHER FINDS that based on the record, the Joint Stipulation and Settlement Agreement, attached hereto as Attachment "A", is in the public interest and should be adopted by order of this Commission.

THE COMMISSION FURTHER FINDS that Fort Cobb Fuel Authority, L.L.C. should continue with its existing IERP/ARP rider amount until it has performed an analysis of current status of the recovery and provides the analysis to the Director of the Public Utility Division and a new amount is determined in accordance with the Joint Stipulation and Settlement Agreement, attached hereto as Attachment "A", including the terms of the tariff attached thereto.

THE COMMISSION FURTHER FINDS that Fort Cobb Fuel Authority, L.L.C. voluntarily offered to phase-in the rate increase to mitigate the impact on its customers as reflected on the tariff attached to the Joint Stipulation and Settlement Agreement, attached hereto as Attachment "A".

THE COMMISSION FURTHER FINDS that Fort Cobb Fuel Authority, L.L.C. should submit a revised tariff consistent with the findings herein to the Director of the Public Utility Division, and such tariff should become effective on the date the Director of the Public Utility Division stamps the tariff effective in conformance with this Order.

There being no oral exception taken to the recommendation of the ALJ, such recommendation becomes the order of the Commission upon the signature of a majority of the Commission.

ORDER

THE COMMISSION THEREFORE ORDERS that the Joint Stipulation and Settlement Agreement, attached hereto as Attachment "A", reflects a full, final, and complete settlement of all issues in this proceeding, and the same is hereby adopted and approved.

THE COMMISSION FURTHER ORDERS that Fort Cobb Fuel Authority, L.L.C. shall continue with its existing IERP/ARP rider amount until it has performed an analysis of current status of the recovery and provides the analysis to the Director of the Public Utility Division and a new amount is determined in accordance with the Joint Stipulation and Settlement Agreement, attached hereto as Attachment "A", including the terms of the tariff attached thereto.

THE COMMISSION FURTHER ORDERS that Fort Cobb Fuel Authority, L.L.C. shall submit a revised tariff consistent with the findings herein to the Director of the Public Utility Division and such tariff shall become effective on the date the Director of the Public Utility Division stamps the tariff effective in conformance with this Order.

THIS ORDER SHALL BE EFFECTIVE immediately.

CORPORATION COMMISSION OF OKLAHOMA

DISSENT

J. TODD HIETT, Chairman

Kim David

KIM DAVID, Vice Chairman

Bob Anthony

BOB ANTHONY, Commissioner

DONE AND PERFORMED THIS 14th DAY OF MAY, 2024

BY ORDER OF THE COMMISSION:

Eleise J. Rouse

ELEISE ROUSE, Acting 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.

Carly M. Ortel	4-18-2024
CARLY M. ORTEL Administrative Law Judge	Date

Attachment "A"

Joint Stipulation & Settlement Agreement

Remainder of this Page is intentionally left blank

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF FORT COBB FUEL AUTHORITY, L.L.C. FOR AN ORDER OF THE COMMISSION AUTHORIZING APPLICANT TO CHANGE OR MODIFY ITS RATES, CHARGES, AND TARIFFS	)))))	CASE NO. PUD2023-000030

JOINT STIPULATION AND SETTLEMENT AGREEMENT

COMES NOW the undersigned Parties to this proceeding and present this Joint Stipulation and Settlement Agreement ("Stipulation") for the Oklahoma Corporation Commission's ("OCC" or "Commission") approval as the Parties' compromise of the issues presented in this Case. The Parties represent to the Commission that this Stipulation represents a fair, just and reasonable settlement of the issues, and that the terms and conditions are in the public interest. The Parties urge this Commission to issue an order in this Case adopting and approving this Stipulation in its entirety. It is hereby stipulated and agreed by and among the Parties as follows:

(1) Neither this Stipulation nor any of the provisions hereof shall become effective unless and until the Commission shall have entered an order approving, without modification, the terms and provisions herein, without supplemental or additional terms, conditions and provisions. The provisions of this Stipulation are intended to relate only to the specific matters referred to herein, and by agreeing to this settlement, no party waives any claim or right to which it might otherwise have with respect to any matters not expressly provided herein. Furthermore, no party hereto admits to the correctness or appropriateness of any of the contentions of another. The Parties specifically state and recognize that the Stipulation represents a negotiated settlement with respect to the issues presented herein and is a balance and compromise of the positions of each party hereto in consideration of the agreements and commitments made by the other Parties in connection herewith. Accordingly, the Commission shall explicitly recognize that the execution of this Stipulation by each party hereto shall not be constructed as agreement or acquiescence by any one or all Parties to any particular calculation, adjustment, theory or issue, except as specifically stated herein.

(2) The undersigned Parties stipulate and agree to the following:

a) A total annual base rate revenue increase of $799,214, excluding the cost of gas and rate case expense recovery.

b) Fort Cobb's tariffs and the processes currently used therein shall remain unchanged except as provided herein. The Parties agree to tariff rates and structures reflected on the attached tariff sheets marked as Exhibit "A," attached hereto and incorporated herein by reference.

c) The new tariff rates and structures reflect the Parties' next step to continue the process begun in Cause No. PUD 201000026 to unify the customer class rates and structures of the Fort Cobb and former LeAnn Gas Company class rates and structures. The Parties believe it is in the best interest of the customers and the Company to continue the move toward the unification of the class rates and structures in future cases.

d) Collection of Rate Case Expense of $47,000 shall be amortized over a period of five years (sixty months) ("Collection Period"). Annually, with the energy efficiency adjustment, Irrigation Equipment Replacement Program and Appliance Rebate Program (IERP and ARP, respectively) and OCC and pipeline safety fee riders will be reviewed for true-up, the amortization of the Rate Case Expense will be reviewed. The Company will continue to comply with all applicable Commission gas and hazardous liquid pipeline safety rules. Once the Rate Case Expense has collected $47,000, the Company will cease collecting the rider and calculate a final true-up to be billed to customers. These riders are not included in the annual base rate revenue increase and are in addition to the Base Rate Increase of $799,214.

e) Fort Cobb shall file its next General Rate Change Application with a test-year period ending no later than December 2028. This provision does not limit Fort Cobb's ability to file a General Rate Change Application with a test-year period earlier than December 2028.

f) In Fort Cobb's next General Rate Change Application described in paragraph (e) above, the Company shall file a completed Class Cost of Service Study that, at a minimum, will be similar to the analysis developed by PUD in this Case.

g) The Rate of Return on Equity is 11.40%.

h) Fort Cobb's next General Rate Change Application, as described in paragraph (e) above shall use a debt-to-equity ratio of at least 60%-40% for the purpose of setting rates.

i) Fort Cobb's requested long-term debt is 7.13%, which reflects removal of the 2% adder which was granted in Final Order No. 637181 in Cause No. PUD 2014-00140 to compensate the shareholders for guaranteeing the Company's debt.

j) The total Weighted Average Cost of Capital ("WACC") is 8.84%.

k) Rate Base is $6,259,451 including a net plant balance of $6,366,656.

l) The attached final tariff rates in Exhibit A shall be implemented. The average monthly customer impact resulting from this Settlement Agreement is as follows:

1. Fort Cobb Residential: $7.62

2. LeAnn Residential: $9.17
3. Fort Cobb Commercial: $5.25
4. LeAnn Commercial: $36.10

m) Section VII. of the Company's IERP and ARP is to be revised based on the recommendations made by PUD witness Hannah Hubler as set forth in the attached tariff. On or before March 31, 2025 and on or before March 31st of each subsequent year, the Company will submit annual reports to the Director of the Public Utility Division on the status of the IERP/ARP and the OCC and pipeline safety riders, including revenue collected from ratepayers through each rider, the current level of over/under-recovery, and the current estimated average monthly customer billings. The Company shall also submit a report showing the collections of the Rate Case Expense, and as the collections near the $47,000, the Company shall cease charging the rider and calculate a final true-up rider amount intended to collect the authorized amount.

n) The Company's OCC Assessment Rider will be modified as follows:
1. Revise the calculation to include specific inputs for the PUD assessment fee pursuant to OAC 165:5-3-27 and the Pipeline Safety Department assessment fee pursuant to OAC 165:20-3-1.
2. Ensure the amount input into the rider is equal to the sum total of the assessment fee invoices received from PUD and the Pipeline Safety Department.
3. Utilize the correct calculation for the Average Monthly Customer Billings input. This calculation should be based on the number of bills the Company intends to issue in an average month.
4. Fort Cobb will provide PUD with an analysis of the OCC Assessment Rider within ninety (90) days of the issuance of a Final Order in this Case to determine an equitable method to refund over-collections, if any, that may have occurred. Revenue associated with the phase-in of rates by the Company will be included as a means of said potential refund.

o) The Company's Energy Efficiency Tariff will be modified as follows:
1. PUD's proposed change to the Energy Efficiency Tariff formula as shown in Exhibit AMS-2 will be made. This change to the formula will better reflect real time spending. This will help the Company and customers when the annual true up is reviewed by PUD to ensure the accurate amount is billed to customers.
2. Revise the calculation to include specific inputs for the PUD assessment fee pursuant to OAC 165:5-3-27 and the Pipeline Safety Department assessment fee pursuant to OAC 165:20-3-1.

3. Modification of the tariff language to better guide the Company and give confidence to customers that the money collected through the energy efficiency programs will be allocated correctly.

p) The Parties recommend that the Commission find the Company's plant investments, including acquisitions and the associated acquisition adjustments, are prudent and in the public interest. The Company has acquired new systems at a very low cost, allowing those customers to keep their gas service and providing benefits to all customers through higher revenues and lower per-customer fixed costs. Additionally, the Company has invested prudently and efficiently, in a manner that has kept net plant balances relatively flat over many years.

q) The Parties recommend that the Commission find the Company's Repair and Maintenance expenses reasonable and prudently incurred. The Company keeps costs low by utilizing internal labor and standard construction plans and prioritizes investments that provide value to customers. The amount booked to Operation and Maintenance expense accounts has increased less than 4% since 2015, which is evidence of the Company's efficiency and the effectiveness of its cost-saving measures.

r) The Company will maintain its current proposed Depreciation Rates, except for the acquired Southern Star and Jennings-Hallett systems. For the acquired systems the Parties recommend that the Commission approve the rates as identified within the following table:

Asset	Remaining lives
Southern Star Services	411 months
Southern Star Acquisition Adjustment	411 months
Jennings-Hallett Mains	240 months
Jennings-Hallett Services	240 months
Jennings-Hallett Acquisition Adjustment	240 months

These recommended rates take into account the approximate average age of the systems when acquired and align the lives of acquisition adjustments with those of the underlying assets to avoid shifting costs to future ratepayers. The Parties request that the Commission accept two adjustments resulting from PUD's recommended changes to depreciation lives: PUD Adjustment B-3 to decrease rate base in the amount of $(73,952), and PUD Adjustment H-5 to decrease operating income in the amount of $(49,253).

s) Fort Cobb agrees that it will follow all Commission rules including, but not limited to, those relevant to Customer Deposits. Specifically, with regard to Customer Deposits, Fort Cobb agrees to review its policies and procedures to assure that its administration of these policies and procedures precisely follow the Commission's rules relevant to Customer Deposits as written. To the extent that Fort Cobb discovers any discrepancies between its administration of these policies and procedures and those permitted by Commission rules, Fort Cobb agrees to remedy said discrepancies without delay by aligning its policies and procedures with the Commission's rules as written and by the return of any erroneously withheld deposits to its customers or submit a plan and/or waiver in accordance 165:45-11-1. The Company shall submit good cause for any variance requested from the rules.

t) The Parties agree that the provisions of this Stipulation are the result of negotiations, and the terms and conditions of this Stipulation are interdependent. The Parties agree that this Stipulation is in the public interest and, for that reason; they have entered into this Stipulation to settle among themselves the issues in this Stipulation. This Stipulation shall not constitute nor be cited as a precedent nor deemed an admission by any Party in any other proceeding except as necessary to enforce its terms before the Commission or any state court of competent jurisdiction. The Commission's decision, if it enters an order consistent with this Stipulation, will be binding as to the matters decided regarding the issues described in this Stipulation, but the decision will not be binding with respect to similar issues that might arise in other proceedings. A Party's support of this Stipulation may differ from its position or testimony in other cases. To the extent there is a difference, the Parties are not waiving their positions in other cases. Because this is a stipulated agreement, the Parties are under no obligation to take the same position as set out in this Stipulation in other dockets.

WHEREFORE the undersigned Parties submit this Stipulation as their negotiated settlement of the issues in the proceedings identified herein, and respectfully request the Commission to approve this Stipulation without change.

Mark Argenbright, Director
Public Utilities Division, Oklahoma Corporation Commission

Ron Comingdeer, Attorney
Fort Cobb Fuel Authority, LLC

A. Chase Snodgrass

A Chase Snodgrass, Deputy Attorney General
Attorney General of the State of Oklahoma

Exhibit A

REDLINE VERSION

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakley, Oklahoma 73033
(405) 797-3303

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE
Section I-General Service & Industrial Rate Schedule:

I-A STANDARD SERVICE RATES (1)

Availability: Natural gas service under this rate schedule is available to any individually metered customer. Natural gas service is not available under this rate schedule for resale to others. Natural gas service is subject to all of the policies, rules and regulations as filed by Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C. ("Fort Cobb" or "Company") with the Oklahoma Corporation Commission ("Commission") and the orders and rules promulgated by the Commission.

Residential and Commercial Rates[1]:

Monthly Rates for Fort Cobb's customers:	Residential Effective 2-15-24	Residential Effective 1-1-25	Commercial Effective 2-15-24	Commercial Effective 1-1-25
Customer Service Charge:	$23.50	$24.50	$24.50	$24.50
First 5 Ccfs	$3.440, per Ccf	$3.44 per Ccf	$3.4400 per Ccf	$3.4400 per Ccf
Over 5 Ccfs				
LeAnn Division	$0.9490 per Ccf	$0.9490 per Ccf	$0.9490 per Ccf	$0.9490 per Ccf
All other customers	$1.2300 per Ccf	$1.1990 per Ccf	$1.2300 per Ccf	$1.1990 per Ccf
Domestic Tap:				
Customer Service Charge	$23.50	$24.50	$24.50	$24.50
First 5 Ccfs	$3.440 per Ccf	$3.440 per Ccf	$3.440 per Ccf	$3.440 per Ccf
Over 5 Ccfs	$0.5900 per Ccf	$0.6490 per Ccf	$0.5900 per Ccf	$0.6990 per Ccf

[1]**The Company stopped charging the rider of $0.0766 per Ccf effective February 1, 2024. The Company will prepare a report no later than August 1, 2024 showing the over/under collection of the rider amount and the rider amount to be charged each customer to true-up the rider and that charge will be made on the customer's bills no later than September 1, 2024.**

~~**A rider of $0.0766 per Ccf will be charged in addition to other rates herein for a period of thirty-three (33) months from the effective date of this rider and such rider shall be trued up at the end of the thirty-three (33) months.**~~

~~[2] Upon the effective date of this provision the company will charge $150 for disconnection through the end of 2021 and then $100 for 2022, and $50 for 2023, and $0 beginning in 2024 until further order of the commission~~

AT

Rates Authorized by the Oklahoma Corporation Commission		
Effective:	Order No.	Cause/Docket No.
June 24, 2021	719115	PUD 202100057
March 18, 2013	608323	PUD 201200026
November 21, 2006	532456	PUD 200600096

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.

P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

~~AT~~

~~Rates for Fort Cobb's LeAnn Division customers:~~	~~Residential~~	~~Commercial~~	
~~Customer Service Charge~~	~~$16.00~~	~~$14.00~~	~~CR~~
~~First 5 Cefs per month~~	~~$2.96 per Cef~~	~~$3.05 per Cef~~	~~CR~~
~~Over 5 Cefs per month~~	~~$0.80 per Cef~~	~~$0.75 per Cef~~	~~CR~~
~~Domestic Tap~~	~~$0.455 per Cef~~	~~N/A~~	

~~Rates for all other Fort Cobb customers:~~	~~Residential~~	~~Commercial~~	~~RT~~
~~Customer Service Charge~~	~~$18.00~~	~~$16.00~~	~~CR~~
~~First 5 Cefs per month~~	~~$3.00 per Cef~~	~~$3.00 per Cef~~	~~CR~~
~~Over 5 Cefs per month~~	~~$1.23 per Cef~~	~~$1.23 per Cef~~	~~CR~~
~~Domestic Tap~~	~~$0.455 per Cef~~	~~N/A~~	

Residential --- Only those customers to which the service is supplied to a residence such as a home, cottage or mobile home. The customer shall be responsible to pay the monthly Customer Service Charge for each meter connected, even if no natural gas is consumed by the customer.

Commercial --- Those customers such as churches, schools, restaurants, nursing homes, municipal buildings, commercial stores or other outlets such as service stations, and like customers. Usage by such users will be reported as "Commercial volumes and revenues". The customer shall be responsible to pay the monthly Customer Service Charge for each meter connected, even if no natural gas is consumed by the customer.

Domestic Tap customers are those single meter customers receiving service where their service drop is directly connected to and they are receiving natural gas directly from a transmission line and not directly from the Company's distribution system.

(1) Applicable state agency taxes, federal agency taxes, surcharges and fees shall apply in addition to the rates and charges herein and shall be remitted to the appropriate agency.

Rates Authorized by the Oklahoma Corporation Commission		
Effective:	Order No.:	Cause/Docket No.:
March 3, 2015	637181	PUD 201400140
March 18, 2013	608323	PUD 201000026
January 11, 2011	581864	PUD 201000217
December 31, 2010	581539	PUD 201000022

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE

Agriculture Power Rate:

Monthly rates:		Effective 2-15-2024	Effective 1-1-2025
Customer Service Charge		$24.50	$24.50
1st Ccf charge		$34.50	$49.50
All over 1st Ccf		$0.890 per Ccf	$0.940 per Ccf

~~Customer Facility Charge $20.00 per month~~ CR
~~First Ccf $10.75~~ CR
~~All Ccf over first Ccf $ 0.83 per Ccf~~ CR

The Agriculture Rate Schedule shall be applied to those customers of the Company who are engaged in the use of natural gas as fuel for engines as a power source for the lifting or distribution of water for agricultural irrigation purposes or other rural energy generation needs. The Company will evaluate other similar prospective uses on a case-by-case basis and if any dispute exists between a prospective customer and the Company as to the applicability of this rate, the matter will be forwarded to the Commission for resolution under the existing rules. The rate for all usage over the first Ccf will be further reduced by $0.02~~1~~ for each Ccf if the customer has more than one irrigation meter through which natural gas was measured that month. There will be no consolidation of meters except for the calculation of the rate over the first Ccf. For example, if the customer has five (5) irrigation meters that flowed natural gas during a given month, then the customer will be billed $6.00 per meter and $12.00 for the first Ccf through each meter and the rate for each Ccf above the first Ccf through each meter will be $0.74 ($0.79 - .05) for that month. A disconnection charge of $50.00 will apply for each meter that is disconnected from the system.

Agricultural Heat Rate:

Monthly rates:		Effective 2-15-2024	Effective 1-1-2025
Customer Service Charge		$24.50	$24.50
1st Ccf charge		$54.50	$74.50
All over 1st Ccf		$0.999 per Ccf	$1.090 per Ccf

~~Customer Facility Charge $20.00~~ CR

Rates Authorized by the Oklahoma Corporation Commission:		
Effective:	Order No.	Cause/Docket No.
March 18, 2013	608323	PUD 201200026
November 21, 2006	532456	PUD 200600096

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

~~First Ccf~~	~~$30.00~~	~~CR~~
~~All Ccf over first Ccf~~	~~$ 0.90 per Ccf~~	~~CR~~

The Agricultural Heat rates shall apply per meter. This rate schedule shall be applied to those customers of the Company who utilize natural gas for fuel in the process of drying agricultural products. It shall also be applied to those customers who utilize natural gas for fuel in supplying heat, hot water, or steam for the operation of livestock operations. Other similar prospective uses will be evaluated on a case-by-case basis by the Company and if any dispute exists between a prospective customer and the Company as to the applicability of this rate, the matter will be forwarded to the Commission for resolution under the existing rules.

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE

Industrial Rate:

Monthly rates:		Effective 2-15-2024	Effective 1-1-2025
Customer Service Charge		$99.00	$99.00
1-5 Ccf charge		$159.00 per Ccf	$179.00 per Ccf
6-3505 Ccf		$1.390 per Ccf	$1.390 per Ccf
3506-10,000		$0.1450 per Ccf	$0.1450 per Ccf
All over 10,000		$0.0496 per Ccf	$0.0496 per Ccf
Additional meter charge for contiguous meters that are consolidated for billing		$24.50 per meter	$24.50 per meter

~~First 1-5 Ccf per month~~	~~$134.00~~	~~CR~~
~~6-3005 Ccf per month~~	~~$ 1.20 per Ccf~~	~~CR~~
~~3006-10,000 Ccf per month~~	~~$ 0.10 per Ccf~~	
~~10,001 and over per month~~	~~$ 0.01 per Ccf~~	

The Industrial rates shall apply per customer, not per meter, where multiple meters are placed at the convenience of the Company to serve an individual customer and/or the meters are located within a contiguous land area where use rights are vested with the customer. The Industrial Rate Schedule shall be applied to those customers of the Company whose usage is such that it is more economical for the customer to be on the industrial tariff versus the commercial tariff.

Compressed Natural Gas Rate - Retail:

Rates Authorized by the Oklahoma Corporation Commission:		
Effective:	Order No.	Cause/Docket No.
March 18, 2013	608323	PUD 201200026
November 21, 2006	532456	PUD 200600096

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

Monthly rates:		Effective 2-15-2024	Effective 1-1-2025
Customer Facility Charge		$699.00	$699.00
Charge for every Ccf		$0.2490 per Ccf	$0.2896 per Ccf

~~Customer Facility Charge~~	~~$600.00~~
~~Tier 1 1 to 3,000 Ccf (& all Ccf during establishment period)~~	~~$ 0.11 per Ccf~~
~~Tier 2 3,001 to 6,000 Ccf~~	~~$ 0.22 per Ccf~~
~~Tier 3 6,001 to 10,000 Ccf~~	~~$ 0.33 per Ccf~~
~~Tier 4 10,001 to 25,000 Ccf~~	~~$ 0.09 per Ccf~~
~~Tier 5 All Ccf over 25,000 Ccf~~	~~$ 0.01 per Ccf~~

Natural gas service under this rate schedule is available for providing gas service to a compressed natural gas facility, at any point on Company's system where adequate capacity presently exists, or can be provided in accordance with the rules of the Oklahoma Corporation Commission, or the system of another pipeline with respect to which the Company has an agreement with such pipeline or is taking gas pursuant to a tariff for such service but only to the extent that: (1) the meter for such customer exists as of the effective date of this tariff; (2) service is required by law; and (3) service is agreed to by such pipeline. The customer will provide, install and maintain all necessary compression facilities including the equipment to be installed on the Customer's vehicles. The Customer is required to provide electrical service and power to the compression facilities.

Gas service under this rate schedule is available only with the Company as the sole supplier or transporter of natural gas for Customer, and is not available for standby or supplemental service or for resale to others in any form except as compressed natural gas for motorized vehicles. Gas sold under this tariff is provided exclusively for compressed natural gas service at stations open to public fueling and shall not be used by the Customer for any other purpose.

The station establishment period shall be twelve full monthly billing cycles of retail operation open to the public under this tariff. The retail CNG facility shall be metered and billed separately of other gas usage on the property and/or by the Customer.

Compressed Natural Gas Rate – Non-Retail:

Monthly rates:		Effective 2-15-2024	Effective 1-1-2025
Customer Facility Charge		$24.50	$24.50
1st Ccf charge		$64.50	$64.50
All over 1st Ccf charge		$0.590 per Ccf	$0.649 per Ccf

Rates Authorized by the Oklahoma Corporation Commission:		
Effective:	Order No.	Cause/Docket No.
March 18, 2013	608323	PUD 201200026
November 21, 2006	532456	PUD 200600096

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

~~Customer Facility Charge~~	~~$ 8.00~~
~~First Ccf~~	~~$28.00~~
~~All Ccf over first Ccf~~	~~$ 0.455 per Ccf~~

Natural gas service under this rate schedule is available for providing gas service to a compressed natural gas facility, at any point on Company's system where adequate capacity presently exists, or can be provided in accordance with the rules of the Oklahoma Corporation Commission, or the system of another pipeline with respect to which the Company has an agreement with such pipeline or is taking gas pursuant to a tariff for such service but only to the extent that: (1) the meter for such customer exists as of the effective date of this tariff; (2) service is required by law; and (3) service is agreed to by such pipeline. The customer will provide, install and maintain all necessary compression facilities including the equipment to be installed on the Customer's vehicles. The Customer is required to provide electrical service and power to the compression facilities.

Gas service under this rate schedule is available only with the Company as the sole supplier or transporter of natural gas for Customer, and is not available for standby or supplemental service or for resale to others in any form. Gas sold under this tariff is provided exclusively for compressed natural gas service for non-retail purposes and shall only be used by the Customer in vehicles for their own private or commercial use. The Company may require placement of a secondary meter for other gas usage on the property.

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE

II OCC Assessment Rider:

Applicability: This rider applies to all retail monthly customer billings rendered, and shall be included as a part of the customer service charge, and be added to the customer service charge in section I-A.

Computation: RA = (A+O/URA) / (AMCB x Y), where

RA = Rider amount

A = Annual assessment amount as billed by the commission pursuant to OAC 165:5-3-20 *et*

Rates Authorized by the Oklahoma Corporation Commission:		
Effective:	Order No.	Cause/Docket No.
March 18, 2013	608323	PUD 201200026
November 21, 2006	532456	PUD 200600096

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

seq. and OAC 165:20-3-1

O/URA = Over/Under Recovery Amount determined by subtracting the total amount of the assessment collected pursuant to the above formula for the previous July 1 through June 30 period from the total Commission assessment for that fiscal year period.

AMC = Estimated Number of Bills the Company intends to issue in an Average Month~~ly Customer Billings~~.

Y = Number of months in assessment time period.

On or before March 1, 2025, and no later than March 31st of each subsequent year the Company will submit an annual report to the Director of the Public Utility Division on the status of this rider, including revenue collected from ratepayers through the rider, the current level of over-or under-recovery, and the current estimated average monthly customer billings.

VII. IRRIGATION ENGINE REPLACEMENT PROGRAM (IERP) AND APPLIANCE REBATE PROGRAM (ARP):

Revenue to fund the IERP and ARP will be obtained through the Replacement/Rebate Rider determined pursuant to the formula below and ~~a $0.01 surcharge~~ added to the bills of every account each month. This Rider~~surcharge~~ will apply to all accounts in all classes over all the Fort Cobb systems. This program will be ongoing and shall remain in effect until changed or otherwise canceled upon the Commission issuing an order after notice and hearing. The Company shall keep accurate records that will allow the Commission to determine the amounts billed and received from its customers and the amounts used to offset the rental cost of equipment made available to its customers.

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE

VII. IRRIGATION ENGINE REPLACEMENT PROGRAM (IERP) AND APPLIANCE REBATE PROGRAM (ARP): Cont'd

Rates Authorized by the Oklahoma Corporation Commission:		
Effective:	Order No.	Cause/Docket No.
March 18, 2013	608323	PUD 201200026
November 21, 2006	532456	PUD 200600096

Funding from the program will be used to offset the rental cost of new electronically controlled high efficiency natural gas powered engines made available by the Company to its agricultural irrigation users.

The IERP is available to those customers of the Company who are engaged in the use of natural gas as fuel for engines as a power source for the lifting or distribution of water for agricultural irrigation purposes and purchase one hundred percent (100%) of their natural gas requirements for a Primary Term of three (3) years from the Company. Should the agricultural customer switch to an alternative fuel supply at the location where the natural gas powered engine(s) is being used for irrigation; ceasing to take 100% of its natural gas requirements under the Company's Agricultural Rate Tariff during the Primary Term, the Customer shall pay an early termination fee equal to $1,800.

Funding from the program will also be used to pay for appliance rebates for customers who qualify for the Company's natural gas ARP.

The ARP is available to residential customers of the Company for the following:
(1) replacement of home heating unit with natural gas unit; (2) replacement of water heater with natural gas unit; (3) replacement of range with natural gas unit; and (4) replacement of dryer with natural gas unit.

The ARP is available to commercial customers of the Company for the following:
(1) replacement of office heating unit with natural gas unit; (2) replacement of water heater with natural gas unit; (3) replacement of range with natural gas unit; and (4) replacement of dryer with natural gas unit.

The ARP is available to commercial customers of the Company for the following:
(1) replacement of boiler with natural gas unit; (2) installation of natural gas processing equipment (per unit not to exceed cost); and (3) installation of natural gas filling unit.

The ARP is available for the following miscellaneous applications: (1) electric conversion to natural gas (per application); (2) propane conversion to natural gas appliance; and (3) purchase of natural gas back-up generator.

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE

VII. IRRIGATION ENGINE REPLACEMENT PROGRAM (IERP) AND APPLIANCE REBATE PROGRAM (ARP): Cont'd

The ARP rebates will only be paid to Fort Cobb customers that have purchased

Rates Authorized by the Oklahoma Corporation Commission:		
Effective:	Order No.	Cause/Docket No.
March 18, 2013	608323	PUD 201200026
November 21, 2006	532456	PUD 200600096

and installed new natural gas appliances that meet or exceed minimum efficiency standards for new natural gas appliances.

The IERP and ARP will be subject to an annual true-up as follows:

COMPUTATION

RRA = (RA + RO/URA) / (AMCB x Y), where:

RRA	=	Replacement/Rebate Rider amount
RA	=	Annual revenue requirement for Replacements/Rebates under the IERP and ARP as approved in Case No. PUD 2023-000030
RO/URA	=	Over/Under Recovery Amount determined by subtracting the total amount collected for the previous 12-month period from the total allowed Replacement/Rebates expense for the IERP/ARP
AMCB	=	Estimated Average Monthly Customer Billing
Y	=	Twelve months

~~RA = (A + O/URA – Expenses) / (AMCB x Y)~~

~~**WHERE:** RA = Rider Amount~~

~~A = Annual revenue requirement as approved in Cause 201400134~~

~~O/URA = Over/Under Recovery Amount determined by subtracting the total amount collected pursuant to the above formula for the previous 12 month period from the total allowed revenue requirement for the IERP/ARP for the fiscal year period~~

~~Expenses = all engine and appliance rebates paid, plus incremental administrative expenses (administrative expenses not to exceed 10% of annual IERP/ARP revenue requirement)~~

~~AMCB = Estimated Average Monthly Customer Billings~~

~~Y = Twelve months~~

On or before March 31, 2025 and prior to March 31 of each subsequent year the Company will submit an annual report to~~After approval by~~ the Director of the Public Utility Division reflecting the status of the IERP and ARP rider. The report shall include but not be limited to the revenues collected, the then current amount of any over-or under-recovery, the current estimated average monthly customer billings, and the rebates paid out to qualifying customers. This annual report shall also include a recalculation of the rider amount as determined from the above formula which is initially targeted to achieve an annual funding amount of $14,925. The recalculated rider will become effective with the first billing cycle no sooner than 30 days after the report is submitted. The IERP/ARP rider to become effective

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

upon the approval of this tariff shall be $______. This targeted annual funding amount may be changed upon approval of the Director of the Public Utility Division after the Company has submitted a written request with sufficient documentation showing why it is necessary to change the amount. ~~, the requested IERP/ARP Surcharge will become effective with the first billing cycle of the requested billing month. The approved IERP/ARP Surcharge may not exceed $0.75 per customer per month.~~

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE

Funding from the program will be used to offset the rental cost of new electronically controlled high efficiency natural gas powered engines made available by the Company to its agricultural irrigation users.

The IERP is available to those customers of the Company who are engaged in the use of natural gas as fuel for engines as a power source for the lifting or distribution of water for agricultural irrigation purposes and purchase one hundred percent (100%) of their natural gas requirements for a Primary Term of three (3) years from the Company. Should the agricultural customer switch to an alternative fuel supply at the location where the natural gas powered engine(s) is being used for irrigation; ceasing to take 100% of its natural gas requirements under the Company's Agricultural Rate Tariff during the Primary Term, the Customer shall pay an early termination fee equal to $1,800.

Rates Authorized by the Oklahoma Corporation Commission:		
Effective:	Order No.	Cause/Docket No.
March 18, 2013	608323	PUD 201200026
November 21, 2006	532456	PUD 200600096

CLEAN VERSION

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.

P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE
Section I-General Service & Industrial Rate Schedule:

I-A STANDARD SERVICE RATES (1)

Availability: Natural gas service under this rate schedule is available to any individually metered customer. Natural gas service is not available under this rate schedule for resale to others. Natural gas service is subject to all of the policies, rules and regulations as filed by Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C. ("Fort Cobb" or "Company") with the Oklahoma Corporation Commission ("Commission") and the orders and rules promulgated by the Commission.

Residential and Commercial Rates[1]:

Monthly Rates for Fort Cobb's customers:	**Residential Effective 2-15-24**	**Residential Effective 1-1-25**	**Commercial Effective 2-15-24**	**Commercial Effective 1-1-25**
Customer Service Charge:	$23.50	$24.50	$24.50	$24.50
First 5 Ccfs	$3.440, per Ccf	$3.44 per Ccf	$3.4400 per Ccf	$3.4400 per Ccf
Over 5 Ccfs				
LeAnn Division	$0.9490 per Ccf	$0.9490 per Ccf	$0.9490 per Ccf	$0.9490 per Ccf
All other customers	$1.2300 per Ccf	$1.1990 per Ccf	$1.2300 per Ccf	$1.1990 per Ccf
Domestic Tap:				
Customer Service Charge	$23.50	$24.50	$24.50	$24.50
First 5 Ccfs	$3.440 per Ccf	$3.440 per Ccf	$3.440 per Ccf	$3.440 per Ccf
Over 5 Ccfs	$0.5900 per Ccf	$0.6490 per Ccf	$0.5900 per Ccf	$0.6990 per Ccf

[1]The Company stopped charging the rider of $0.0766 per Ccf effective February 1, 2024. The Company will prepare a report no later than August 1, 2024 showing the over/under collection of the rider amount and the rider amount to be charged each customer to true-up the rider and that charge will be made on the customer's bills no later than September 1, 2024.

Residential --- Only those customers to which the service is supplied to a residence such as a home, cottage or mobile home. The customer shall be responsible to pay the monthly

Rates Authorized by the Oklahoma Corporation Commission		
Effective:	Order No.:	Cause/Docket No.:
March 3, 2015	637181	PUD 201400140
March 18, 2013	608323	PUD 201000026
January 11, 2011	581864	PUD 201000217
December 31, 2010	581539	PUD 201000022

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

Customer Service Charge for each meter connected, even if no natural gas is consumed by the customer.

Commercial --- Those customers such as churches, schools, restaurants, nursing homes, municipal buildings, commercial stores or other outlets such as service stations, and like customers. Usage by such users will be reported as "Commercial volumes and revenues". The customer shall be responsible to pay the monthly Customer Service Charge for each meter connected, even if no natural gas is consumed by the customer.

Domestic Tap customers are those single meter customers receiving service where their service drop is directly connected to and they are receiving natural gas directly from a transmission line and not directly from the Company's distribution system.

(1) Applicable state agency taxes, federal agency taxes, surcharges and fees shall apply in addition to the rates and charges herein and shall be remitted to the appropriate agency.

Rates Authorized by the Oklahoma Corporation Commission		
Effective:	Order No.:	Cause/Docket No.:
March 3, 2015	637181	PUD 201400140
March 18, 2013	608323	PUD 201000026
January 11, 2011	581864	PUD 201000217
December 31, 2010	581539	PUD 201000022

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE

Agriculture Power Rate:

Monthly rates:		Effective 2-15-2024	Effective 1-1-2025
Customer Service Charge		$24.50	$24.50
1st Ccf charge		$34.50	$49.50
All over 1st Ccf		$0.890 per Ccf	$0.940 per Ccf

The Agriculture Rate Schedule shall be applied to those customers of the Company who are engaged in the use of natural gas as fuel for engines as a power source for the lifting or distribution of water for agricultural irrigation purposes or other rural energy generation needs. The Company will evaluate other similar prospective uses on a case-by-case basis and if any dispute exists between a prospective customer and the Company as to the applicability of this rate, the matter will be forwarded to the Commission for resolution under the existing rules. The rate for all usage over the first Ccf will be further reduced by $0.02 for each Ccf if the customer has more than one irrigation meter through which natural gas was measured that month. There will be no consolidation of meters except for the calculation of the rate over the first Ccf. For example, if the customer has five (5) irrigation meters that flowed natural gas during a given month, then the customer will be billed $6.00 per meter and $12.00 for the first Ccf through each meter and the rate for each Ccf above the first Ccf through each meter will be $0.74 ($0.79 - .05) for that month. A disconnection charge of $50.00 will apply for each meter that is disconnected from the system.

Agricultural Heat Rate:

Monthly rates:		Effective 2-15-2024	Effective 1-1-2025
Customer Service Charge		$24.50	$24.50
1st Ccf charge		$54.50	$74.50
All over 1st Ccf		$0.999 per Ccf	$1.090 per Ccf

The Agricultural Heat rates shall apply per meter. This rate schedule shall be applied to those customers of the Company who utilize natural gas for fuel in the process of drying agricultural products. It shall also be applied to those customers who utilize natural gas for fuel in supplying

Rates Authorized by the Oklahoma Corporation Commission:		
Effective:	Order No.	Cause/Docket No.
March 18, 2013	608323	PUD 201200026
November 21, 2006	532456	PUD 200600096

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

heat, hot water, or steam for the operation of livestock operations. Other similar prospective uses will be evaluated on a case-by-case basis by the Company and if any dispute exists between a prospective customer and the Company as to the applicability of this rate, the matter will be forwarded to the Commission for resolution under the existing rules.

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE

Industrial Rate:

Monthly rates:		Effective 2-15-2024	Effective 1-1-2025
Customer Service Charge		$99.00	$99.00
1-5 Ccf charge		$159.00 per Ccf	$179.00 per Ccf
6-3505 Ccf		$1.390 per Ccf	$1.390 per Ccf
3506-10,000		$0.1450 per Ccf	$0.1450 per Ccf
All over 10,000		$0.0496 per Ccf	$0.0496 per Ccf
Additional meter charge for contiguous meters that are consolidated for billing		$24.50 per meter	$24.50 per meter

The Industrial rates shall apply per customer, not per meter, where multiple meters are placed at the convenience of the Company to serve an individual customer and/or the meters are located within a contiguous land area where use rights are vested with the customer. The Industrial Rate Schedule shall be applied to those customers of the Company whose usage is such that it is more economical for the customer to be on the industrial tariff versus the commercial tariff.

Compressed Natural Gas Rate - Retail:

Monthly rates:		Effective 2-15-2024	Effective 1-1-2025
Customer Facility Charge		$699.00	$699.00
Charge for every Ccf		$0.2490 per Ccf	$0.2896 per Ccf

Natural gas service under this rate schedule is available for providing gas service to a compressed natural gas facility, at any point on Company's system where adequate capacity presently exists,

Rates Authorized by the Oklahoma Corporation Commission:		
Effective:	Order No.	Cause/Docket No.
March 18, 2013	608323	PUD 201200026
November 21, 2006	532456	PUD 200600096

or can be provided in accordance with the rules of the Oklahoma Corporation Commission, or the system of another pipeline with respect to which the Company has an agreement with such pipeline or is taking gas pursuant to a tariff for such service but only to the extent that: (1) the meter for such customer exists as of the effective date of this tariff; (2) service is required by law; and (3) service is agreed to by such pipeline. The customer will provide, install and maintain all necessary compression facilities including the equipment to be installed on the Customer's vehicles. The Customer is required to provide electrical service and power to the compression facilities.

Gas service under this rate schedule is available only with the Company as the sole supplier or transporter of natural gas for Customer, and is not available for standby or supplemental service or for resale to others in any form except as compressed natural gas for motorized vehicles. Gas sold under this tariff is provided exclusively for compressed natural gas service at stations open to public fueling and shall not be used by the Customer for any other purpose.

The station establishment period shall be twelve full monthly billing cycles of retail operation open to the public under this tariff. The retail CNG facility shall be metered and billed separately of other gas usage on the property and/or by the Customer.

Compressed Natural Gas Rate – Non-Retail:

Monthly rates:		Effective 2-15-2024	Effective 1-1-2025
Customer Facility Charge		$24.50	$24.50
1st Ccf charge		$64.50	$64.50
All over 1st Ccf charge		$0.590 per Ccf	$0.649 per Ccf

Natural gas service under this rate schedule is available for providing gas service to a compressed natural gas facility, at any point on Company's system where adequate capacity presently exists, or can be provided in accordance with the rules of the Oklahoma Corporation Commission, or the system of another pipeline with respect to which the Company has an agreement with such pipeline or is taking gas pursuant to a tariff for such service but only to the extent that: (1) the meter for such customer exists as of the effective date of this tariff; (2) service is required by law; and (3) service is agreed to by such pipeline. The customer will provide, install and maintain all necessary compression facilities including the equipment to be installed on the Customer's vehicles. The Customer is required to provide electrical service and power to the compression facilities.

Rates Authorized by the Oklahoma Corporation Commission:		
Effective:	Order No.	Cause/Docket No.
March 18, 2013	608323	PUD 201200026
November 21, 2006	532456	PUD 200600096

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

Gas service under this rate schedule is available only with the Company as the sole supplier or transporter of natural gas for Customer, and is not available for standby or supplemental service or for resale to others in any form. Gas sold under this tariff is provided exclusively for compressed natural gas service for non-retail purposes and shall only be used by the Customer in vehicles for their own private or commercial use. The Company may require placement of a secondary meter for other gas usage on the property.

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE

II OCC Assessment Rider:

Applicability: This rider applies to all retail monthly customer billings rendered, and shall be included as a part of the customer service charge, and be added to the customer service charge in section I-A.

Computation: RA = (A+O/URA) / (AMCB x Y), where

RA = Rider amount

A = Annual assessment amount as billed by the commission pursuant to OAC 165:5-3-20 *et seq*. and OAC 165:20-3-1

O/URA = Over/Under Recovery Amount determined by subtracting the total amount of the assessment collected pursuant to the above formula for the previous July 1 through June 30 period from the total Commission assessment for that fiscal year period.

AMC = Estimated Number of Bills the Company intends to issue in an Average Month.

Y = Number of months in assessment time period.

On or before March 1, 2025, and no later than March 31st of each subsequent year the Company will

Rates Authorized by the Oklahoma Corporation Commission:		
Effective:	Order No.	Cause/Docket No.
March 18, 2013	608323	PUD 201200026
November 21, 2006	532456	PUD 200600096

submit an annual report to the Director of the Public Utility Division on the status of this rider, including revenue collected from ratepayers through the rider, the current level of over-or under-recovery, and the current estimated average monthly customer billings.

VII. IRRIGATION ENGINE REPLACEMENT PROGRAM (IERP) AND APPLIANCE REBATE PROGRAM (ARP):

Revenue to fund the IERP and ARP will be obtained through the Replacement/Rebate Rider determined pursuant to the formula below and added to the bills of every account each month. This Rider will apply to all accounts in all classes over all the Fort Cobb systems. This program will be ongoing and shall remain in effect until changed or otherwise canceled upon the Commission issuing an order after notice and hearing. The Company shall keep accurate records that will allow the Commission to determine the amounts billed and received from its customers and the amounts used to offset the rental cost of equipment made available to its customers.

VII. IRRIGATION ENGINE REPLACEMENT PROGRAM (IERP) AND APPLIANCE REBATE PROGRAM (ARP): Cont'd

Funding from the program will be used to offset the rental cost of new electronically controlled high efficiency natural gas powered engines made available by the Company to its agricultural irrigation users.

The IERP is available to those customers of the Company who are engaged in the use of natural gas as fuel for engines as a power source for the lifting or distribution of water for agricultural irrigation purposes and purchase one hundred percent (100%) of their natural gas requirements for a Primary Term of three (3) years from the Company. Should the agricultural customer switch to an alternative fuel supply at the location where the natural gas powered engine(s) is being used for irrigation; ceasing to take 100% of its natural gas requirements under the Company's Agricultural Rate Tariff during the Primary Term, the Customer shall pay an early termination fee equal to $1,800.

Funding from the program will also be used to pay for appliance rebates for customers who qualify for the Company's natural gas ARP.

The ARP is available to residential customers of the Company for the following:

(1) replacement of home heating unit with natural gas unit; (2) replacement of water heater with natural gas unit; (3) replacement of range with natural gas unit; and (4) replacement of dryer with natural gas unit.

The ARP is available to commercial customers of the Company for the following: (1) replacement of office heating unit with natural gas unit; (2) replacement of water heater with natural gas unit; (3) replacement of range with natural gas unit; and (4) replacement of dryer with natural gas unit.

The ARP is available to commercial customers of the Company for the following: (1) replacement of boiler with natural gas unit; (2) installation of natural gas processing equipment (per unit not to exceed cost); and (3) installation of natural gas filling unit.

The ARP is available for the following miscellaneous applications: (1) electric conversion to natural gas (per application); (2) propane conversion to natural gas appliance; and (3) purchase of natural gas back-up generator.

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE

VII. IRRIGATION ENGINE REPLACEMENT PROGRAM (IERP) AND APPLIANCE REBATE PROGRAM (ARP): Cont'd

The ARP rebates will only be paid to Fort Cobb customers that have purchased and installed new natural gas appliances that meet or exceed minimum efficiency standards for new natural gas appliances.

The IERP and ARP will be subject to an annual true-up as follows:

COMPUTATION

RRA = (RA + RO/URA) / (AMCB x Y), where:

RRA	=	Replacement/Rebate Rider amount
RA	=	Annual revenue requirement for Replacements/Rebates under the IERP and ARP as approved in Case No. PUD 2023-000030
RO/URA	=	Over/Under Recovery Amount determined by subtracting the total amount collected for the previous 12-month period from the total allowed Replacement/Rebates expense for the IERP/ARP

Rates Authorized by the Oklahoma Corporation Commission:

Effective:	Order No.	Cause/Docket No.
March 18, 2013	608323	PUD 201200026
November 21, 2006	532456	PUD 200600096

Fort Cobb Oklahoma Irrigation Fuel Authority, L.L.C.
P.O. Box 183
Eakly, Oklahoma 73033
(405) 797-3303

AMCB	=	Estimated Average Monthly Customer Billing
Y	=	Twelve months

On or before March 31, 2025 and prior to March 31 of each subsequent year the Company will submit an annual report to the Director of the Public Utility Division reflecting the status of the IERP and ARP rider. The report shall include but not be limited to the revenues collected, the then current amount of any over-or under-recovery, the current estimated average monthly customer billings, and the rebates paid out to qualifying customers. This annual report shall also include a recalculation of the rider amount as determined from the above formula which is initially targeted to achieve an annual funding amount of $14,925. The recalculated rider will become effective with the first billing cycle no sooner than 30 days after the report is submitted. The IERP/ARP rider to become effective upon the approval of this tariff shall be $______. This targeted annual funding amount may be changed upon approval of the Director of the Public Utility Division after the Company has submitted a written request with sufficient documentation showing why it is necessary to change the amount.

Applies to the Entire Fort Cobb Service Area including the LeAnn Division

STANDARD RATE SCHEDULE

Funding from the program will be used to offset the rental cost of new electronically controlled high efficiency natural gas powered engines made available by the Company to its agricultural irrigation users.

The IERP is available to those customers of the Company who are engaged in the use of natural gas as fuel for engines as a power source for the lifting or distribution of water for agricultural irrigation purposes and purchase one hundred percent (100%) of their natural gas requirements for a Primary Term of three (3) years from the Company. Should the agricultural customer switch to an alternative fuel supply at the location where the natural gas powered engine(s) is being used for irrigation; ceasing to take 100% of its natural gas requirements under the Company's Agricultural Rate Tariff during the Primary Term, the Customer shall pay an early termination fee equal to $1,800.

Rates Authorized by the Oklahoma Corporation Commission:		
Effective:	Order No.	Cause/Docket No.
March 18, 2013	608323	PUD 201200026
November 21, 2006	532456	PUD 200600096