

# **News** from the **Oklahoma Corporation Commission**

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## **COMMISSION APPROVES UTILITY SETTLEMENT OFFERED BY ATTORNEY GENERAL, ONG, STAFF**

*(Agreement includes potential of multi-million dollar refund, continuation of money-saving program)*

**OKLAHOMA CITY** - The Corporation Commission has approved a settlement in the Oklahoma Natural Gas rate case. The settlement (technically referred to as a stipulated agreement) was formulated and agreed to by the Attorney General, Commission staff, and Oklahoma Natural Gas (ONG) officials before it was offered to the Commissioners. It is about \$10 million less than ONG's original request.

Chairman Denise Bode had words of praise for those who worked on the agreement.

"I am particularly pleased the agreement will mean the smooth continuation of the ONG program ordered by the Commission in 2000 which required the company to take over responsibility for the upkeep of the aging gas service lines of customers. The lowest estimate shows that since its inception, the program has saved ONG customers more than \$46 million. A big part of this agreement is to reimburse ONG for the investment it has made on behalf of consumers.

"The Attorney General is required to represent the interests of the ratepayers before the Commission, while OCC staff must balance the needs of both the utility and the consumer, and ONG has a mandate to provide reliable service while at the same time meeting its fiduciary responsibilities to its shareholders," explained Bode. "All parties to this case worked hard to put together an agreement to present to the Commissioners that is fair and balanced."

Commissioner Jeff Cloud said the agreement includes "a provision that requires more than half --\$16 million--of the total amount be refunded to consumers if the Commission determines the actual, justifiable amount due the company is found to be lower than had been projected."

"All the parties to this agreement are to be commended for stepping up to the plate and working together for the common good," said Cloud. "They have reached an agreement that admirably fulfills the law's requirement that such settlements be 'fair, just and reasonable.' "

(more)

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**In a separate opinion Commissioner Bob Anthony noted that in 2000 ONG was authorized to start a program to assist with the testing and maintenance of service lines on customer's property.**

**“This program has improved public safety through the periodic testing of the lines and ratepayers have saved between \$46 million and \$70 million,” Anthony said. “ONG is entitled to earn a return on its cost of running the program. However, I feel the Commission should review those costs in the context of ONG's overall operations by taking into account other expenses that may have decreased, and not set rates on a piecemeal basis.”**

**All the Commissioners repeated their warnings regarding natural gas prices, which are unregulated and set by market forces of supply and demand. This unregulated cost makes up most of a ratepayer's bill, and has been steadily rising as a result of the cold winter in the northeastern United States.**

**It is estimated that today's agreement will increase the average residential ONG customer's bill about \$1.40 a month, based on usage of 79 decatherms a year. The rate hike is temporary, and will last 18 months. ONG is scheduled to present a general rate case by January 2005.**

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