

News from the **Oklahoma Corporation Commission**

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A NEW MONTH BRINGS NEW SAVINGS FOR PSO CUSTOMERS

Commission action results in multi-million dollar refund for PSO customers

Starting with March bills that begin going out today, Public Service Company of Oklahoma (PSO) customers will see savings totaling more than \$140 million. Approximately \$54 million of that amount is the result of a victory the Oklahoma Corporation Commission won on behalf of customers in a case it filed last year before the Federal Energy Regulatory Commission (FERC). Another approximately \$90 million is the result of a joint effort by the Corporation Commission and PSO to readjust the fuel charge based on the drop in natural gas prices. The total savings will be realized through an adjustment in the fuel charge PSO customers pay.

Commission Chairman Bob Anthony said the FERC case involved PSO's share of profits from the sale of excess power by its parent company, American Electric Power (AEP).

"This case presented a complicated jurisdictional question about allocating millions of dollars among AEP companies in different states. I personally directed our agency staff to argue Oklahoma's position to federal authorities," Anthony explained. "FERC ruled in the Commission's favor. PSO has filed an appeal of that decision, but we remain confident the original ruling will stand. In the meantime, PSO is proceeding with a process to refund the money to customers over a one-year period."

Commission Vice Chair Jeff Cloud explained the second element of the savings, conservatively projected as a \$90 million dollar reduction in the fuel charge, is the result of a "trigger" put in place by the Commission in a previous PSO rate case.

"While the fuel cost factor is normally adjusted once a year, we put a mechanism in place which allowed Commission staff to act immediately if PSO's fuel cost account had a surplus of \$50 million or greater, rather than wait until the end of the annual period," said Cloud. "In this case, PSO and staff worked together to take action and pass the savings on to customers when that threshold was exceeded because of falling fuel prices.

"It should be noted that the \$90 million figure is a conservative estimate," added Cloud. "The final number is expected to be greater, as fuel prices have continued to drop."

Commissioner Dana Murphy said the positive result for the consumer is a credit to all involved.

"Even though PSO and the Commission were on opposite sides in the FERC case, once FERC ruled on the Commission's complaint, the company worked in a constructive

manner with Commission staff to get the money back to the consumer,” said Murphy. “The issue of the fuel charge surplus was handled in the same positive, pro-active manner.”

The estimated monthly savings from the FERC-related refund for the average PSO residential customer (1,000 kilowatt hours/month) is \$2.86. The estimated monthly savings from the refund on fuel costs is \$4.11, for a total estimated savings of \$6.97 a month.

Under Oklahoma law, a regulated utility is allowed to pass on to its customers its actual fuel costs. It may not make a profit on those costs.

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