

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

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IN THE MATTER OF THE APPLICATION OF ) CAUSE NO. PUD 200800398  
OKLAHOMA GAS AND ELECTRIC COMPANY FOR )  
AN ORDER OF THE COMMISSION AUTHORIZING )  
APPLICANT TO MODIFY ITS RATES, CHARGES, )  
AND TARIFFS FOR RETAIL ELECTRIC SERVICE IN ) ORDER NO. **568006**  
OKLAHOMA. )

HEARING: May 21, 2009  
Before the Commission *en banc* with Referee Maribeth D. Snapp

APPEARANCES: William J. Bullard, Patrick D. Shore, Kimber L. Shoop, Attorneys and  
Stephanie Houle, Legal Intern for Oklahoma Gas and Electric Company  
James L. Myles, Deputy General Counsel for Public Utility Division,  
Oklahoma Corporation Commission  
William L. Humes, Elizabeth Ryan and Whitney Weingartner, Assistant  
Attorneys General for the Office of the Attorney General, State of  
Oklahoma  
Thomas P. Schroedter, James D. Satrom and J. Fred Gist, Attorneys for  
Oklahoma Industrial Energy Consumers  
Ronald E. Stakem and Jack G. Clark, Jr., Attorneys for OG&E  
Shareholders Association  
Kendall W. Parrish, Attorney for AES Shady Point, LLC  
Shelton L. Benedict, Attorney for PowerSmith Cogeneration Project,  
Limited Partnership  
Rick D. Chamberlain, Attorney for Wal-Mart Stores East, LP and  
Sam's East, Inc.

**ORDER ESTABLISHING PUBLICATION NOTICE REQUIREMENTS**

BY THE COMMISSION:

The Corporation Commission of the State of Oklahoma (“the Commission”), being regularly in session and the undersigned Commissioners being present and participating, there comes on for consideration the Motion of Oklahoma Gas and Electric Company (“OG&E” or “Applicant”) to Establish Notice Requirements. OAC 165:5-7-51(b) provides that unless the Commission directs otherwise, notice of hearing “shall be published once each week for two (2) consecutive weeks at least fifteen (15) days prior to hearing in a newspaper of general circulation published in each county in which are located utility customers affected thereby . . . .” The

Motion indicates that newspapers of general circulation are not published in each county in which OG&E has customers. Therefore, for the Commission to find Applicant in substantial compliance with the requirements of OAC 165:5-7-51(b), Applicant proposed that notice of the hearing on the merits in this Cause be provided through publishing Notice of Hearing in the form as attached to its Motion once each week for two (2) consecutive weeks with the first publication being at least fifteen (15) days prior to the hearing on the merits, in *The Oklahoman* and the *Tulsa World* and also in newspapers of general circulation once each week for two (2) consecutive weeks with the first publication being at least fifteen (15) days prior to the hearing on the merits in the following counties in which OG&E has customers: Alfalfa, Bryan, Dewey, Ellis, Grant, Jefferson, Johnston, Love, Major, Marshall, Woods and Woodward. All parties announced their agreement with the proposed form of notice attached to the Motion.

The Commission finds that the requirements of OAC 165:5-7-51(b) should be waived as requested by OG&E, and Applicant should be directed to publish the Notice of Hearing using the form attached to this Order as Exhibit "A" once each week for two (2) consecutive weeks with the first publication being at least fifteen (15) days prior to the hearing on the merits in *The Oklahoman* and the *Tulsa World* and also in newspapers of general circulation in the following counties in which OG&E has customers: Alfalfa, Bryan, Dewey, Ellis, Grant, Jefferson, Johnston, Love, Major, Marshall, Woods and Woodward.


Counsel for OG&E advised the Commission that OG&E is obligated pursuant to OAC 165:5-7-51(a) to make a good faith effort to serve notice by mail of its proposed rate change to all affected utility customers unless the Commission directs otherwise. The approved form of notice to customers is attached to this order as Exhibit "B".

### **ORDER**

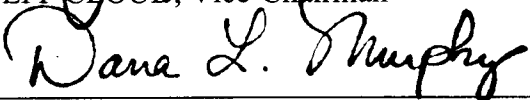
IT IS THEREFORE THE ORDER OF THE CORPORATION COMMISSION of the State of Oklahoma that Applicant is directed to publish the Notice of Hearing attached to this Order as Exhibit "A" once each week for two (2) consecutive weeks with the first publication being at least fifteen (15) days prior to the hearing on the merits in *The Oklahoman* and the *Tulsa World* and also in newspapers of general circulation in the following counties in which OG&E has customers: Alfalfa, Bryan, Dewey, Ellis, Grant, Jefferson, Johnston, Love, Major, Marshall, Woods and Woodward. The first publication shall be at least fifteen (15) days prior to the

hearing on the merits. Proof of publication shall be filed herein, along with identification of the counties in which notice was given by publication in the newspaper selected by the Applicant.

OKLAHOMA CORPORATION COMMISSION

  
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BOB ANTHONY, Chairman

  
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JEFF CLOUD, Vice-Chairman

  
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DANA L. MURPHY, Commissioner

DONE AND PERFORMED ON THIS 29 DAY OF MAY, 2009.  
BY ORDER OF THE COMMISSION:

  
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PEGGY MITCHELL, Commission Secretary

APPROVED AS TO FORM:

  
\_\_\_\_\_  
MARIBETH D. SNAPP, Referee

**Exhibit "A"**

**BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA**

IN THE MATTER OF THE APPLICATION OF	)	CAUSE NO. PUD 200800398
OKLAHOMA GAS AND ELECTRIC COMPANY FOR AN	)	.
ORDER OF THE COMMISSION AUTHORIZING	)	
APPLICANT TO MODIFY ITS RATES, CHARGES, AND	)	
TARIFFS FOR RETAIL ELECTRIC SERVICE IN	)	
OKLAHOMA.	)	

**NOTICE OF HEARING**

NOTICE IS HEREBY GIVEN that Oklahoma Gas and Electric Company (“OG&E” or “Company”) has filed an Application in this cause seeking to increase its rates and charges for retail electric service to Oklahoma jurisdiction customers and seeking approval of the Commission for the filing of appropriate tariffs reflecting such increases in rates. OG&E notified the Commission of its intent to file an Application seeking to change its rates and charges on December 12, 2008, pursuant to OAC 165:70-3-7, and thereafter, on February 27, 2009, the Company filed its Application and supporting documentation in compliance with the Commission’s Minimum Standard Filing Requirements, OAC 165:70. In its Application OG&E proposes:

1. to implement a general rate increase of \$110,325,328 effective in the month of September, 2009;
2. to include approximately \$1.6 billion in OG&E rate base for capital investments made since rates were last reviewed and approved based on a 2004 test year;
3. to recognize O&M expenses that have increased since rates were last reviewed and approved based on a 2004 test year;
4. to recognize all known and measurable changes;
5. to terminate the previously approved riders for the Redbud generating facility (approved in Order No. 559892 in Cause No. PUD 200800086) and the Centennial Wind Farm (approved in Order No. 524078 in Cause Nos. PUD 200500059 and 200500177) and include such costs in base rates;
6. to move all current costs contained within the Security Rider (which was originally approved in Order No. 499043 in Cause No. PUD 200200168) into base rates while preserving the Security Rider for recovery of future security costs;
7. to modify the Cogeneration Credit Rider;
8. to terminate the Chain Account Aggregation Rider;
9. to terminate OG&E’s Performance Award for Curtailed Energy rider (“PACE”), Curtailment Rider (“CR”) and Interruptible Rider (“IR”) and replace these three riders with a Load Reduction rider;
10. to establish a test year ending September 30, 2008, with pro forma adjustments;
11. to implement a SmartPower recovery rider to recover costs associated with OG&E’s SmartPower deployment in Norman, Oklahoma;
12. to seek waiver of OAC 165: 35-21-21(3) to allow for remote disconnection of service for advanced meters used in SmartPower deployment;
13. to seek certain changes to OG&E’s terms and conditions of service, including but not limited to, changes necessary to allow pre-paid billing, remote connect/disconnect, and paperless billing;
14. to seek changes to existing rate tariffs, including but not limited to:

- a. modifying the Residential customer charges, kWh block structures, and energy prices;
- b. increasing the discount for residential customers who qualify for the LIHEAP rider and also renaming the LIHEAP rider the Low Income Assistance Program ("LIAP") rider;
- c. modifying the Company's Time-of-Use ("TOU") tariffs, including adjustment of embedded fuel by time period;
- d. modifying the General Service customer charges, the peak season kWh price, and kWh block prices;
- e. modifying the Oil and Gas Producers ("OGP") rate tariff;
- f. modifying the Public Schools – Non-Demand ("PS-ND") and Public Schools-Demand ("PS-D") rate tariffs;
- g. terminating the Oil and Gas Producers Levelized ("OGP-LEV"), Public Schools-Non-Demand Compressed Time-of-Use ("PS-ND-C-TOU"), Public Schools-Demand Compressed Time-of-Use ("PS-D-C-TOU"); Power and Light Oil and Gas Producers ("PL-OGP"), Power and Light Levelized Demand ("PL-LEV"), and Large Power and Light Levelized Demand ("LPL-LEV") rate tariffs;
- h. modifying the Municipal Water Pumping ("PM") rate tariffs;
- i. modifying Large Power and Light ("LPL") rate tariffs;
- j. modifying the Power & Light ("PL") tariff;
- k. increasing the power factor for LPL TOU, PL, PL TOU, PS-D, and PS-D-TOU customers from 80 percent to 90 percent;
- l. modifying Municipal Roadway and Area Lighting ("LM") and Outdoor Security Lighting ("OSL") rate tariffs;
- m. modifying QF-1 and QF-2 rate tariffs;
- n. modifying the Day-Ahead Pricing ("DAP") program;
15. to seek approval of a new normalized ICP average and excess production demand allocator;
16. to seek approval of a new weather normalization methodology;
17. to seek approval of the proposed "zero intercept" study; and
18. to establish two Variable Peak Pricing tariffs (one for residential customers and one for general service customers) to be used in OG&E's SmartPower deployment in Norman, Oklahoma.

NOTICE IS FURTHER GIVEN that, irrespective of the relief prayed for by OG&E in its Application, the Commission in this proceeding shall not be limited to matters described in said Application, but may inquire into all matters within the jurisdiction of the Commission involving the rates, services, practices, earnings and charges of OG&E and shall exercise its right to make any and all adjustments in and restructuring of rates, classifications and charges deemed appropriate by it, and in that connection shall not be limited to any method or means of effecting the same, but shall prescribe such rates and charges as may be just and proper and reasonable under the evidence and circumstances.

NOTICE IS FURTHER GIVEN that all interested persons may appear and be heard and the Commission shall, after hearing, issue such orders and grant such relief as it deems fair, reasonable, necessary, proper and equitable in the premises, whether or not specifically requested in the Application.

NOTICE IS FURTHER GIVEN that the hearing on the merits shall be heard before the Commission *en banc*, with a Referee. The hearing shall commence on July 22, 2009, at 9:30 am and continue each business day thereafter until the record is closed. The hearing shall be conducted each business day between 9:30 am and 5:30 pm, unless otherwise directed by the Commission. The hearing

will be held in Room 301 located on the third (3<sup>rd</sup>) floor of the Jim Thorpe Office Building, unless otherwise directed by the Commission.

NOTICE IS FURTHER GIVEN that this Notice of Hearing shall be given, at OG&E's expense, by publishing this Notice of Hearing for the hearing on the merits of this proceeding in two newspapers of general circulation within the State of Oklahoma (*The Oklahoman* and the *Tulsa World*) and in newspapers of general circulation once each week for two (2) consecutive weeks with the first publication being at least fifteen (15) days prior to the hearing on the merits in the following Oklahoma counties in which OG&E has customers: Alfalfa, Bryan, Dewey, Ellis, Grant, Jefferson, Johnston, Love, Major, Marshall, Woods and Woodward. This Notice of Hearing shall further be given by regular or personal service at least fifteen (15) days prior to the hearing, to all parties of record including the Attorney General of the State of Oklahoma. Notice of this hearing shall be given to all Oklahoma retail customers of OG&E by using a customer bill insert beginning the week of June 4, 2009, with the last mailing to complete a billing cycle to occur on or about July 4, 2009. Said notice shall contain the date and time of the hearing, and a statement that all interested persons may appear at the hearing and make public comment. Proofs of Publication and mailing shall be submitted for the record herein.

NOTICE IS FURTHER GIVEN that for further information concerning this action, contact William J. Bullard, Patrick D. Shore or Kimber L. Shoop, 321 North Harvey, P.O. Box 321, Oklahoma City, Oklahoma 73101, phone 405-553-3182, attorneys for Oklahoma Gas and Electric Company, or James L. Myles, Deputy General Counsel for the Oklahoma Corporation Commission, P.O. Box 52000, Oklahoma City, Oklahoma 73152-2000, phone 405-521-2308, attorney for the Staff of the Public Utility Division of the Oklahoma Corporation Commission.

OKLAHOMA CORPORATION COMMISSION

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BOB ANTHONY, Chairman

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JEFF CLOUD, Vice-Chairman

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DANA L. MURPHY, Commissioner

DONE AND PERFORMED ON THIS \_\_\_\_ DAY OF MAY, 2009  
BY ORDER OF THE COMMISSION:

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PEGGY MITCHELL, Commission Secretary

**Exhibit "B"**

Dear Customer:

The Oklahoma Corporation Commission is scheduled to begin hearings on OG&E's request for a rate increase at 9:30 a.m., July 22, 2009, in Courtroom 301 on the third floor of the Jim Thorpe Building, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105.

OG&E is seeking an annual increase of approximately \$110 million to recover increased business costs and electric infrastructure investments the Company has made since 2004. In addition, the Company is seeking authorization for the following:

- \$19 million annually to implement the next phase of OG&E's automated metering and SmartPower program
- New rate options for fixed income customers.

The \$110 million increase, as proposed by OG&E, would raise a residential customer's bill by 7.7 percent when compared to current rates. This equals about \$8.27 per month on the average home bill. The proposal also would replace the current credit to low income DHS/LIHEAP qualified customers with a fixed \$10 per month reduction to their customer charge for all months. As proposed by OG&E, more than 70,000 small business customers would receive an average 0.9 percent rate increase. For the industrial rate classes the average increase would range from 4.3 percent to 8.4 percent.

The hearing will be held each business day and continue until concluded. All interested parties may appear at the hearings to make public comments. After the hearing the Commission will issue its final order and any rate changes will become effective after the final decision is issued.

For further information regarding the Application, you may contact OG&E at 1-800-272-9741. In addition, you may visit the Commission's Web site at [www.occeweb.com](http://www.occeweb.com) or send written comments addressed as follows: OG&E Rate Case Comments, c/o Office of General Counsel, Oklahoma Corporation Commission, P.O. Box 52000, Oklahoma City, Oklahoma 73152-2000.