

News from the **Oklahoma Corporation Commission**

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Fair, Just, and Reasonable

Commission approves settlement offer from all parties in Oklahoma Natural Gas rate case

(Oklahoma City) Calling it a good balance between the need to ensure safe and reliable natural gas service and consumer concerns, the Oklahoma Corporation Commission today approved a settlement in the Oklahoma Natural Gas (ONG) rate case.

Commission Chairman Bob Anthony commended the parties for reaching a settlement and avoiding a prolonged and costly trial.

“It is noteworthy that all parties to the case asked the Commission to approve the settlement,” said Anthony. “The Attorney General — who represents consumers before the Commission — asked for approval, as did Commission staff, Oklahoma Natural Gas, and others. All the parties are to be commended for meeting the challenge to formulate an agreement that all agree meets the requirement that rates be “fair, just and reasonable.”

Vice-Chairman Jeff Cloud said he was pleased to see the agreement is balanced, has an eye toward the future, and protects the most vulnerable.

“Under the law, the Commission is charged with the difficult task of balancing what the company needs to provide safe and reliable service with the vital need of the customer to have service that is affordable,” Cloud said. “The parties to the case worked diligently to strike that balance.

“Under the agreement, those Oklahomans who are clients of the Low Income Home Energy Assistance Program (LIHEAP), will not see a change in their rates,” Cloud noted. “The agreement also helps efforts to promote the use of compressed natural gas (CNG) as a motor fuel, as it sets up tariffs for those who fuel CNG vehicles at home.”

(more)

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Oklahoma Corporation Commissioner Dana Murphy said she is mindful of the comments the Commission received by those opposing a rate increase.

“I understand people are very concerned about *any* rate increases right now,” Murphy said. “They’re feeling the pinch of the economic situation and every bit adds up when trying to make ends meet. In this economic climate, any utility’s rate increase request must survive intense scrutiny. Our audits showed ONG has reduced operating costs through more efficiency. At the same time, ONG has paid significant amounts to make sure its system will reliably deliver gas to customers during the coming winter. This money was spent on new pipe, repairing customer lines, and replacing meters. These are costs consumers are willing to pay to make sure they have heat, but they are not willing to pay for unnecessary fringes. The Commission has made sure only necessary costs have been added. This is a fair result—making for a small bill increase and assuring safe, reliable service.”

Under the agreement, the net amount of the increase to customers is \$26.5 million. Approximately \$28 million already being paid by customers will be shifted into the rate base, for a gross total of \$54.5 million.

The average increase for ONG residential customers will depend on the price of natural gas and the plan the customer has chosen. When compared to last year, it is estimated that the average customer on Plan B will see a decrease of \$1.41 a month, while the average customer on plan A will have an estimated increase of approximately \$3.90 a month.

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NOTE – SEE ATTACHED RATE CHARTS

Oklahoma Natural Gas Rate Order Impacts 2009

Residential Customers based on Dekatherms (Dth)

<i>Rate Comparison with Cost of Gas Update</i>	<i>Current Base Charge</i>	<i>Current Volumetric Charge</i>	<i>Total Bill Current Rates and Gas</i>	<i>New Base Charge</i>	<i>New Volumetric Charge</i>	<i>Total Bill New Rates and Gas</i>	<i>Monthly Rate and Gas Cost Impact</i>
<u>Plan A:</u> 50 or less Dth per year							
1 Dth per month	\$9.00	\$1.9967 p/Dth	\$ 19.52	\$ 11.20	\$3.7323 p/Dth	\$ 22.06	\$ 2.54
3 Dth per month	\$9.00	\$1.9967 p/Dth	\$ 40.55	\$ 11.20	\$3.7323 p/Dth	\$ 43.77	\$ 3.22
5 Dth per month	\$9.00	\$1.9967 p/Dth	\$ 61.59	\$ 11.20	\$3.7323 p/Dth	\$ 65.49	\$ 3.90
<u>Plan B:</u> More than 50 Dth per year							
3 Dth per month	\$20.00	\$0.2367 p/Dth	\$ 46.27	\$ 26.75	\$ -	\$ 48.13	\$ 1.86
5 Dth per month	\$ 20.00	\$0.2367 p/Dth	\$ 63.79	\$ 26.75	\$ -	\$ 62.38	\$ (1.41)
7 Dth per month	\$ 20.00	\$0.2367 p/Dth	\$ 81.30	\$ 26.75	\$ -	\$ 76.63	\$ (4.67)

Cost of Gas use for year over year comparison

2008	2009
\$8.521 per Dth	\$7.126 per Dth



Other Rate and Tariff Classes Impact Summaries

LIHEAP- Low Income Home Energy Assistance Program

Customers currently on Tariff 102, LIHEAP, will not be impacted by the base rates increase. These customers will benefit from the lower cost of natural gas during this winter's billing period.

Small Commercial- Tariff 200

		<u>Old Rates</u>	<u>New 2009 Rates</u>
		\$	\$
Plan A	Service Charge	15.00000	18.75000
		\$	\$
	Delivery Fee	2.74660	4.55990
		\$	\$
Plan B	Service Charge	27.00000	33.95000
		\$	\$
	Delivery Fee	0.53120	\$ -

Large Commercial

			\$
New rate has one plan.	Service Charge		79.40000
	Delivery Fee		\$ -
		\$	
Plan A	Service Charge	35.00000	
		\$	
	Delivery Fee	1.30580	
		\$	
Plan B	Service Charge	90.00000	
		\$	
	Delivery Fee	0.29040	