

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

IN THE MATTER OF THE APPLICATION)
OF OKLAHOMA GAS AND ELECTRIC)
COMPANY ("OG&E") FOR AN ORDER OF)
THE COMMISSION GRANTING APPROVAL OF)
A WIND ENERGY PURCHASE AGREEMENT)
BETWEEN OG&E AND CPV KEENAN II)
RENEWABLE ENERGY COMPANY, LLC)
AND AUTHORIZING RECOVERY OF COSTS)
ASSOCIATED THEREWITH)

CAUSE NO. PUD 200 900230

FILED

OCT 30 2009

COURT CLERK'S OFFICE — OKC
CORPORATION COMMISSION
OF OKLAHOMA

APPLICATION

COMES NOW Oklahoma Gas and Electric Company ("OG&E," "Company" or "Applicant") and shows to the Commission as follows:

1. Parties.

OG&E is an investor owned electric public utility with plant, property and other assets dedicated to and for the production, transmission, distribution and sale of electric power and energy to wholesale and retail customers within the states of Oklahoma and Arkansas. The Company is incorporated within the State of Oklahoma and is subject to the regulatory jurisdiction of this Commission. Applicant's principal place of business is located at 321 North Harvey, Oklahoma City, Oklahoma, 73102. OG&E is represented in these proceedings by William J. Bullard, Assistant General Counsel, OBA #1302, Patrick D. Shore, Senior Attorney, OBA #8205, and Robert D. Stewart, Jr., Contract Attorney, OBA # 8628, Oklahoma Gas and Electric Company, P. O. Box 321, Oklahoma City, Oklahoma 73101.

OKLA CORP COM RECEIPT 1003200030
 Date: 10/30/2009 Time: 15:20
 Case: 200900230 PUD Cashier: YMS
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2. Facts.

A. OG&E issued a Draft Request for Proposals ("RFP") on December 9, 2008, seeking to acquire approximately 300 megawatts ("MW") of energy from wind energy resources to be operational not later than December 31, 2010. The Company's objectives in its RFP solicitation were to (i) diversify OG&E's mix of resource types, (ii) offer energy price stability and low cost energy to hedge against volatile fossil fuel prices, and (iii) reduce the environmental impact of new generation resources. In the RFP the Company indicated the approximate 300 MW could be from a single facility or from an aggregate of facilities having a minimum nameplate capability of 50 MW.

B. Pursuant to OAC 165:35-34-3(b), the Oklahoma Corporation Commission retained an Independent Evaluator ("IE") for the RFP process who was financially and substantively independent from OG&E, its affiliates, or any potential bidder. The IE reported to the Oklahoma Corporation Commission Staff ("Staff") and to the Attorney General of the State of Oklahoma ("AG").

C. OG&E conducted a Technical Conference on January 9, 2009, during which OG&E provided an overview of the RFP process, provided prospective bidders with internet access information, and answered questions posed by several of the approximate fifty attendees at the Conference. The IE also made a presentation to the attendees identifying its responsibilities as a part of the RFP process. All documents and all questions and answers to questions were made available to potential bidders.

The Final RFP document, the Model Wind Energy Purchase Agreement and the Model Construction, Ownership and Operating Agreement were made available on January 30, 2009. The RFP established a timeline requiring bids to be submitted not later than the close of business on February 27, 2009, with affiliate bids due on the previous day. Thereafter, notice was given to the Staff, AG and the IE, and on March 2, 2009, all bids were opened in the presence of the Staff.

D. The RFP time line initially provided for OG&E to select the short list bidders in late March. Because of the magnitude and complexity of the bids received, the Company notified all parties the bid evaluations would take an additional sixty to ninety days. On June 4, 2009, in a

conference call the Company notified the Staff, the AG, and the IE that CPV was selected as a short list bidder.

E. OG&E and CPV entered into negotiations thereafter, and on September 25, 2009 the parties executed a Wind Energy Purchase Agreement ("WEPA" or "Agreement"). CPV has committed to deliver and OG&E has agreed to accept delivery of all Renewable Energy delivered by CPV to the Delivery Point on the Southwest Power Pool ("SPP") transmission system in accordance with the terms of the WEPA.

F. In support of this Application, OG&E submits to the Commission the following Direct Testimony:

1. Kim A. Morphis, Manager, Power Operations, Oklahoma Gas and Electric Company. Mr. Morphis will describe the relief OG&E is seeking as a part of the Company's Application for approval of the WEPA between OG&E and CPV, and he will discuss the process the Company utilized in compliance with the Commission's Rules in the development, administration and execution of the RFP through which the WEPA was obtained.

2. Bryan J. Scott, Manager of Pricing for Oklahoma Gas and Electric Company. Mr. Scott will describe for the Commission how the Company proposes to recover its costs associated with the CPV WEPA through OG&E's existing and approved tariffs.

G. The WEPA described in Paragraph 2.E. of this Application is a Confidential Document. Simultaneously with the filing of this Application, OG&E is filing a Motion for Protective Order so that the entire document may be made available to parties to this proceeding in accordance with the terms of the Protective Order that the Company seeks to have issued in this proceeding. In addition, concurrently with this filing, OG&E is filing a Motion for Procedural Schedule. Regulatory approval of the WEPA between OG&E and CPV prior to January 15, 2010 is a condition precedent to the effectiveness of the Agreement.

3. **Legal Authority.**

The Commission has jurisdiction to grant the relief requested herein by virtue of Article IX, Section 18 *et seq.* of the Constitution of the State of Oklahoma, 17 O.S. §§151 *et seq.*, the

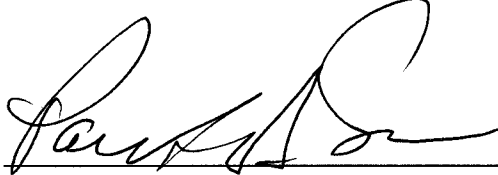
Commission's Rules of Practice (OAC 165:5), the Commission's Electric Utility Rules (OAC 165:35), all relevant case law, and the Constitution of the United States of America.

4. **Relief Sought.**

WHEREFORE, premises considered, OG&E requests that the Commission issue its final order in this Cause on or before January 15, 2010, finding that the execution of the WEPA is in compliance with OAC 165:35, Subchapter 34; is prudent and in the public interest; approving the WEPA as executed by the parties thereto; authorizing the Company to recover the costs incurred by Applicant in the execution and administration of the Agreement including the cost of Renewable Energy and costs for Economic Curtailments through OG&E's fuel and Purchased Power Adjustment ("FCA") tariff; and granting such other and further relief as the Commission may determine to be fair, just and equitable in the premises.

Respectfully submitted,

OKLAHOMA GAS AND ELECTRIC COMPANY

A handwritten signature in black ink, appearing to read 'William J. Bullard', is written over a horizontal line.

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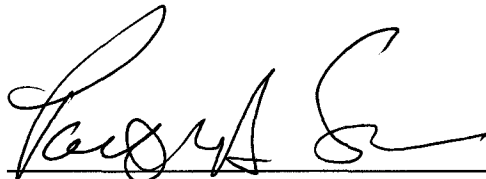
Attorneys for Oklahoma Gas and Electric Company

CERTIFICATE OF MAILING

This is to certify that on the 30th day of October, 2009, a true and correct copy of the above and foregoing Application was mailed to the following:

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Patrick D. Shore