

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

EMERGENCY APPLICATION OF ARKANSAS)
OKLAHOMA GAS CORPORATION FOR)
APPROVAL OF A REGULATORY ASSET FOR)
RECOVERY OF EXTRAORDINARY GAS)
SUPPLY COSTS ARISING FROM EXTREME)
WINTER WEATHER, FOR WAIVER OF)
APPLICABLE PURCHASED GAS ADJUSTMENT)
TARIFFS AND RULES UNDER OAC 165:50)
SPECIFYING METHODOLOGY FOR)
RECOVERY OF GAS SUPPLY COSTS TO)
AVOID ADVERSE IMPACTS ON CUSTOMERS)

CAUSE NO. PUD 202 100037



EMERGENCY APPLICATION

Arkansas Oklahoma Gas Corporation (“AOG” or the “Company”) for its Emergency Application represents and states as follows:

I. PARTIES

AOG is a natural gas public utility operating in the State of Oklahoma. The Company provides natural gas distribution services to approximately 13,000 customers in certain communities and rural areas on Sequoyah, Latimer, LeFlore, Haskell and Delaware Counties, Oklahoma. Its Oklahoma utility operations, rates and charges, and terms and conditions of service are subject to the jurisdiction and regulation of this Commission. AOG’s principal office is located at 115 North Twelfth Street, Fort Smith, Arkansas 72901. The names of and contact information for the persons to whom notices and correspondence concerning this Application should be sent are as follows:

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II. ALLEGATIONS OF FACT

1. On February 12, 2021, Governor Stitt declared a state-wide emergency due to “[e]xtreme freezing temperatures and severe winter weather including snow, freezing rain, and wind beginning February 7, 2021, and continuing.” In his Declaration, the Governor stated, “There is hereby declared a disaster emergency caused by severe winter weather in *all 77 Oklahoma counties* that threatens the public’s peace, health, and safety.” (Emphasis in original).

2. Natural gas markets throughout the region are experiencing a profound crisis due to an unmodellable event arising from unusually cold and unusually persistent winter weather. Demand for natural gas has escalated dramatically in area markets because of this weather crisis and prices have risen on the spot and daily index markets accordingly. AOG’s utility customers are no exception; demand on the Company’s Oklahoma local distribution system has escalated dramatically.

3. AOG manages its natural gas supply with a combination of commodity purchases from production connected directly to the Company's distribution system and certain other upstream transportation services. The prices AOG pays and the process by which it obtains its gas supply are strictly supervised, audited and approved by the Oklahoma Corporation Commission through an annual review of the Company's purchased gas adjustment mechanism and a prudence review of the process by which the Company obtains its gas supply.

4. The extraordinary demand spike caused by the current weather crisis has affected the Company's ability to obtain the natural gas demanded by its customers through established sources for normal winter weather. To provide the quantities of natural gas needed by AOG's utility customers, the Company has been obliged to purchase supplemental quantities of gas supply priced at the daily index markets. As noted above, the prices for gas available in these markets are now unusually high and are expected to adversely affect customers' utility bills unless extraordinary regulatory measures are applied.

5. Unless these extraordinary regulatory measures are taken, the higher prices currently prevailing in the market, which AOG is obliged to pay, will be flowed through directly to the Company's customers on a monthly basis as provided by the Company's purchased gas adjustment tariff prescribed by the Commission's rules (OAC 165:50).

6. To avoid the expected adverse impact on customers that would otherwise occur, AOG will present in this Cause specific emergency modifications to existing regulatory requirements for pass-through of gas supply costs during the current weather crisis, including a proposal to establish a regulatory asset comprised of unusual gas supply costs arising from the current winter weather crisis and a regulatory mechanism to recover that cost in a manner that will be fair, just and reasonable for AOG and its customers.

7. Some of the facts supporting AOG's proposed modifications involve sensitive and confidential market pricing, gas supply strategies, and evaluations of cost impacts to the Company's customers if no action is taken. Accordingly, AOG is presenting a Motion for Protective Order with this Emergency Application, so that the Company will be able to maintain confidentiality of that information it will need to share with the Commission and the Oklahoma Attorney General.

8. Furthermore, the relief AOG will propose in this Cause will require a waiver of the terms of the Company's existing tariff – particularly the purchased gas adjustment clause – along with a waiver of the provisions of the underlying rules found in OAC 165:50.

WHEREFORE, AOG requests that the Commission (1) consider and approve special regulatory treatment of the increased costs arising and expected to arise from the current weather crisis so as to moderate the adverse effects of these unavoidable costs on utility customers; (2) approve a waiver of the terms of the existing purchased gas adjustment clause in the Company's tariff, along with other tariff provisions to accommodate the regulatory treatment approved by the Commission; (3) approve a waiver of the provisions of the rules in OAC 165:50 prescribing pass-through procedures for gas supply to accommodate the regulatory treatment approved by the Commission; (4) issue the requested relief on an emergency basis to ameliorate the adverse effects of the current weather crisis on AOG's customers; and (5) issue such other relief as the Commission may determine to be just and reasonable.

Respectfully submitted,

ARKANSAS OKLAHOMA GAS CORPORATION

By: /s/ Curtis M. Long_____

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**ATTORNEYS FOR ARKANSAS OKLAHOMA
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CERTIFICATE OF SERVICE

I hereby certify that on the 17th day of February, 2021, a full, true, and correct copy of the above and foregoing instrument was served on the following persons by **ELECTRONIC MAIL** to the following:

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