

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE)
COMPANY OF OKLAHOMA ("PSO") FOR)
APPROVAL OF REGULATORY TREATMENT,)
INCLUDING THE CREATION OF A)
REGULATORY ASSET FOR THE COLLECTION)
OF INCREASED COSTS CAUSED BY THE)
EXTREME WINTER WEATHER, AND)
APPROVAL OF A TEMPORARY COST)
RECOVERY MECHANISM; AND SUCH OTHER)
RELIEF THE COMMISSION DEEMS PSO IS)
ENTITLED)

CAUSE NO. PUD 202 100040



APPLICATION

I. APPLICANT: Public Service Company of Oklahoma (PSO)
212 East Sixth Street
Tulsa, Oklahoma 74119-1212

II. ALLEGATIONS OF FACT:

- A. The Commission has recently taken action to address the impact of the recent severe winter weather on natural gas and electric utilities that have gas-fired generation facilities. For example, the Commission temporarily modified Order No. 714134 to provide for a proration formula of 100 percent of wellhead calculated absolute open flow potential to enhance the supply of natural gas. See Order No. 716932 issued February 15, 2021, in Cause CD No. 202100238.
- B. The Findings of Fact and Conclusions of Law ("Findings") contained in Order No. 714134 cite Governor J. Kevin Stitt's Executive Order 2021-06 which declared a disaster emergency for all 77 counties of Oklahoma and the Southwest Power Pool ("SPP") Energy Emergency Alerts. PSO incorporates the Commission's Findings in this Application as if fully set forth herein.
- C. On February 15, 2021, Mr. Brandy L. Wreath, Director of the Public Utility Division and Consumer Services ("PUD") at the Commission, filed testimony in Cause CD No. 202100238. Mr. Wreath listed issues that had impacted Oklahoma utilities and customers as a result of "the unprecedented winter storm that hit the region." Those issues included:

(1) shortages of natural gas commodity; (2) Reduced pressure and flow in natural gas transport systems due to low supply and freeze off; (3) production sites freezing off or unable to get commodity onto the system due to freeze off/blockage; (4) significant increase to spot market prices for the natural gas commodity; (5) wind generation significantly reduced due to freezing conditions; (6) natural gas generation experiencing supply issue; and, (7) SPP experiencing power shortages across the system.

- D. Mr. Wreath's testimony filed in Cause CD No. 202100238 is a good account of what happened during the extreme winter weather that impacted natural gas and purchase power prices.
- E. Another example of the Commission addressing the hardships public utilities were undergoing to serve customers during the period of extreme winter weather was the opening of Cause PUD 202100035 by PUD. On February 16, 2021, the Commission issued Order No. 716952 in Cause PUD 202100035. The order directed, in a manner consistent with the Commission's rules, deliveries of natural gas to "electric generating facilities that serve human needs customers." The order was based, in part, on the Finding that "As a result of the 2021 Winter Weather Event, Oklahoma gas and electric utilities have experienced increased commodity prices along with problems related to commodity acquisition, line pressure, and supply shortages."
- F. PSO thanks the Commission for the actions taken as described herein and for its continuing cooperation in seeking ways to mitigate some of the impact on utilities and customers in Oklahoma caused by the severe winter weather.
- G. As to be expected, prices for natural gas used as boiler fuel, purchased power expense and other costs increased dramatically due to the severe winter weather and have created a need to address cost recovery beyond the normal manner to properly balance utility and customer impact issues.
- H. PSO has filed this application to explore approval of regulatory treatment for cost recovery of natural gas, purchased power and related costs through the establishment of a regulatory asset, the determination of a reasonable amortization period after the costs are known to PSO, and a mechanism to recover the costs, which would include PSO's weighted average cost of capital. PSO is seeking to reduce the impact to customers, while managing the financial issues associated with the increases in costs to provide electric service to customers due to the severe winter weather.

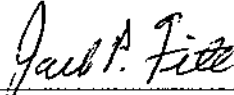
III. LEGAL AUTHORITY:

Okla. Const. Art. 9 Section 18; 17 O.S. Sections 152, 153.

IV. RELIEF REQUESTED:

WHEREFORE, PSO requests this Commission issue an order approving the creation of a regulatory asset for cost recovery of natural gas, purchased power and related costs, determine a reasonable amortization period after the costs are known to PSO, and approve a mechanism to recover the costs which includes PSO's weighted cost of capital, and for such other relief as the Commission may determine PSO is entitled.

Respectfully submitted,



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**ATTORNEYS FOR PUBLIC SERVICE
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CERTIFICATE OF ELECTRONIC SERVICE

This is to certify that a true and correct copy of the above and foregoing was e-mailed to the following:

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