

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

APPLICATION OF OKLAHOMA NATURAL )  
GAS COMPANY, A DIVISION OF ONE GAS, )  
INC., FOR A FINANCING ORDER APPROVING )  
SECURITIZATION OF COSTS ARISING FROM ) CAUSE NO. PUD 2021100079  
THE FEBRUARY 2021 WINTER WEATHER )  
EVENT PURSUANT TO THE "FEBRUARY 2021 )  
REGULATED UTILITY CONSUMER )  
PROTECTION ACT" )

**APPLICATION**

Oklahoma Natural Gas Company, a division of ONE Gas, Inc. ("Oklahoma Natural" or the "Company") for its Application represents and states as follows:

**I. PARTIES**

Oklahoma Natural is a natural gas public utility providing local distribution service to approximately 875,000 residential, commercial, and industrial customers throughout the State of Oklahoma. Its rates, charges, and terms and conditions of service are subject to regulation by the Oklahoma Corporation Commission ("Commission"). Oklahoma Natural's principal office is located at 401 North Harvey Avenue, P.O. Box 401, Oklahoma City, Oklahoma 73101. The names, addresses and telephone numbers of Oklahoma Natural's counsel of record are stated below.

**II. ALLEGATIONS OF FACT**

1. To serve its utility customers with local distribution service, Oklahoma Natural requires natural gas supply and upstream delivery services provided by third-party upstream providers. The Company manages gas supply and delivery services from these providers under a combination of commodity purchases and storage and transportation services acquired through competitive bidding, long-term contracts, and commodity hedging. These arrangements are

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annually reviewed for prudence by this Commission and under normal winter conditions experienced in Oklahoma, Oklahoma Natural’s arrangements for gas supply are sufficient.

2. In February 2021, a historic winter storm swept into Oklahoma and surrounding states, impacting Oklahoma Natural’s supply, market pricing and demand for natural gas throughout its Oklahoma service territory. During this time, Governor Kevin Stitt declared a state-wide emergency (Executive Order 2021-06) due to “[e]xtreme freezing temperatures and severe winter weather including snow, freezing rain, and wind beginning February 7, 2021, and continuing.” The Governor stated that the emergency “threatens the public’s peace, health, and safety.”

3. During the prolonged crisis, an extraordinary demand spike occurred that seriously affected the Company’s ability to obtain all the natural gas demanded by its customers through established sources for normal winter weather. Simultaneously, otherwise reliable sources of gas supply failed for a number of operational, weather-related reasons due to the extreme weather and lack of electric power. In the field, gas wells, gas gathering lines, compressors and even gas processing plants failed to deliver natural gas in sufficient quantities to supply Oklahoma Natural’s system needs. Gas supply decreased materially at the very time it was most needed.

4. To provide the quantities of natural gas needed by Oklahoma Natural’s utility customers during this crisis, and especially to maintain service for human needs, the Company was obliged to purchase quantities of gas supply through the spot and daily index markets, and to incur other extraordinary costs to maintain gas supply, line pressure and adequate operating conditions on its Oklahoma system. These unforeseeable and unprecedented costs totaled approximately \$1.3 billion during the month of February 2021.

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5. These extraordinary costs normally would have flowed through Oklahoma Natural’s Purchased Gas Adjustment (“PGA”) Clause of the Company’s tariffs (Tariffs 1001 and 1001-V). However, on March 2, 2021, this Commission issued Order No. 717136 in Cause No. PUD 202100034 to authorize Oklahoma Natural to instead defer to a regulatory asset account the extraordinary costs associated with ensuring that its customers continued to receive utility service during this unprecedented cold weather event.

6. Since the Commission issued its Order No. 717136, Oklahoma enacted the *February 2021 Regulated Utility Consumer Protection Act* on April 23, 2021. 74 OKLA. STAT. §9070 *et seq.* Oklahoma Natural believes that customer impact from the February 2021 winter weather can now be further reduced under the statutory process by which regulated utilities may apply to securitize certain of their February 2021 winter weather costs with state-issued bonds that will allow for a longer payout at lower costs.

7. With this Cause, Oklahoma Natural now seeks authorization from this Commission to securitize its costs associated with the February 2021 winter weather event, pursuant to this new law. Subsequent to this Application, ONG intends to file a motion along with supporting testimony requesting a financing order allowing recovery of the regulatory asset; providing details of its prudently incurred costs associated with the February 2021 winter weather event; demonstrating customer savings from the securitization process as compared to traditional utility financing; and seeking recovery of its carrying costs incurred through the date that ratepayer bonds are issued, or the costs are otherwise recovered, all as authorized and/or required by this new law.

### III. LEGAL AUTHORITY

This Application is presented under the authority of Oklahoma Constitution, Article IX, Section 18; 17 OKLA. STAT. §§151-152 *et seq.*; and 74 OKLA. STAT. § 9070 *et seq.*

### IV. RELIEF SOUGHT

WHEREFORE, Oklahoma Natural requests that the Commission grant the request for relief as set out in this Application, and issue such other relief as the Commission may determine to be just and reasonable.

Respectfully submitted,

OKLAHOMA NATURAL GAS COMPANY

By: /s/ Curtis M. Long

Dustin R. Fredrick, OBA #19095  
Managing Attorney  
401 North Harvey Avenue  
Oklahoma City, Oklahoma 73102  
(405) 551-6631  
(405) 552-1881 (fax)  
dustin.fredrick@onegas.com

-and-

Curtis M. Long, OBA #5504  
J. Dillon Curran, OBA #19442  
Johanna Roberts, OBA No. 33599  
CONNER & WINTERS, LLP  
Conner & Winters, LLP  
1700 Leadership Square  
Oklahoma City, Oklahoma 73102-7261  
Phone: 405-272-5711  
[clong@cwlaw.com](mailto:clong@cwlaw.com)  
[dcurran@cwlaw.com](mailto:dcurran@cwlaw.com)  
[JRoberts@cwlaw.com](mailto:JRoberts@cwlaw.com)

**ATTORNEYS FOR OKLAHOMA NATURAL  
GAS COMPANY, A DIVISION OF ONE GAS,  
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**CERTIFICATE OF SERVICE**

I hereby certify that on the 29th day of April, 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:

Brandy L. Wreath  
Director of Public Utility Division  
Oklahoma Corporation Commission  
Jim Thorpe Bldg., 4<sup>th</sup> Floor  
P.O. Box 52000-2000  
Oklahoma City, Oklahoma 73152-2000  
[PUDEnergy@occ.ok.gov](mailto:PUDEnergy@occ.ok.gov)

Michael L. Velez  
Deputy General Counsel  
Oklahoma Corporation Commission  
Jim Thorpe Bldg., 4<sup>th</sup> Floor  
P.O. Box 52000-2000  
Oklahoma City, Oklahoma 73152-2000  
[Michael.Velez@occ.ok.gov](mailto:Michael.Velez@occ.ok.gov)

Jared B. Haines  
Assistant Attorney General  
Office of the Attorney General  
313 NE 21<sup>st</sup> Street  
Oklahoma City, Oklahoma 73105  
[Jared.Haines@oag.ok.gov](mailto:Jared.Haines@oag.ok.gov)

/s/ Curtis M. Long