

**Todd Hiett
Commissioner**



**Dana Murphy
Commissioner**

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MEDIA ADVISORY

**Contact: Erica O'Neal
405-521-2267**

Commission approves order on OG&E's February fuel costs

The Oklahoma Corporation Commission (OCC) today approved an order to reduce the monthly charge to Oklahoma Gas and Electric's (OG&E) customers they would otherwise be required to pay for fuel costs resulting from the February 2021 winter storm. Today's decision also requires the company to apply any other proceeds it receives for the storm directly to consumers' bills to lower customers' fuel charge, and requires OG&E to take steps to improve its fuel supply plans to protect customers in the future.

The proposal made to the Commission was the result of a compromise and is the first case brought under new legislation designed to help lower payments for the extraordinary costs of the storm. Oklahoma Corporation Commission Chairman Dana Murphy noted that without the agreement and the state's new securitization law, the total of the February storm fuel costs OG&E could recover under the law would be devastating.

"It's estimated that simply passing through \$748.9 million in fuel costs would have resulted in the average residential consumer being charged an unmanageable amount of more than \$400 dollars in one month just for the storm," Murphy said. "Under the agreement, that is lowered to \$2.12 a month, with the reimbursement spread out over 28 years using the state's new securitization law.

"There is no 'magic bullet' available to the Commission that could erase the unprecedented increase in natural gas prices that occurred during the February storm," Murphy continued. "Natural gas pricing falls outside of Commission jurisdiction. Our agency's auditors have worked to ensure that OG&E is not making any profit on the fuel costs and that the purchase of the fuel met the other requirements of state law. But there is no changing the fact that for electricity to be able to be supplied during the storm, those purchases had to be made at prices that were unimaginable before the event."

(more)

(Settlement, pg. 2)

Corporation Commissioner Todd Hiett said the settlement also commits OG&E to actions normally outside the control of the OCC.

“The Corporation Commission does not have the authority to specifically dictate to a regulated utility how it runs its day-to-day business,” Hiett said. “Under the settlement of this issue, OG&E commits to actions to reduce the impact of this kind of event in the future.

“Further, OG&E has agreed to apply any savings that result from future federal or legal action associated with the February fuel costs to the credit of customers,” Hiett said.

“The fact is a debt was incurred for good reason during the winter storm. Natural gas had to be purchased to maintain electric generation and protect life and property. Now the cost must be paid,” Hiett added.

“Today’s ‘yes’ vote on securitizing these fuel costs will save ratepayers hundreds of millions of dollars. A ‘no’ vote would have cost the OG&E ratepayer hundreds of millions of dollars,” Hiett said.



Producers/Editors please note: A financial chart is attached

Oklahoma Gas and Electric Company
(Estimate Comparisons)
21-072

Description of Issue	<u>FCA*</u> (w/o Reg. Asset**)	<u>FCA Recovery Tariff***</u>	<u>10-Year Treasury Rate</u> (Commissioner Anthony 12-13-21)	<u>Traditional</u>	<u>Securitization</u>
Amortization Period for Recovery	1 month	1 year	4 years	28 years	28 years
Interest Rate	0.12% (OK Customer Deposit Interest Rate)	0.12% (OK Customer Deposit Interest Rate)	1.44%	9.071% (WACC)	2.58%
Principal Amount Owed by Customers	\$748,965,481	\$748,965,481	\$748,965,481	\$748,965,481	\$760,000,000
Total Interest Accrued	\$74,897	\$486,917	\$22,195,277	\$1,317,908,420	\$307,259,833
Total Amount (Principal + Interest)	\$749,040,378	\$749,452,398	\$771,160,758	\$2,066,873,901	\$1,067,259,833
Monthly Impact to Av. Res. Customer	\$454.14 (one time monthly payment)	\$40.14	\$10.32	\$3.95	\$2.12

* FCA = Fuel Cost Adjustment

** Regulatory Asset = A holding place for storm costs, which are carried on the utility's books (Carrying charge is .628%). See Order No. 717355 approved on 3/18/2021.

*** FCA Recovery Tariff = When the over-or-under collected fuel balance is greater than \$50 Million, OG&E can make an adjustment to collect or credit the difference between the fuel cost collected in the tariffs and the actual fuel expense incurred.

**** WACC = Weighted Average Cost of Capital