

**BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF THE APPLICATION OF)
OKLAHOMA GAS AND ELECTRIC) DOCKET NO. 08-103-U
COMPANY FOR APPROVAL OF A GENERAL)
CHANGE IN RATES AND TARIFFS)**

APPLICATION

COMES NOW Oklahoma Gas and Electric Company ("OG&E" or "Company") and hereby applies to the Arkansas Public Service Commission ("Commission") for approval of a general change in rates and tariffs, and in support of its application respectfully states as follows:

1. OG&E is a corporation organized under the laws of the State of Oklahoma and is qualified to do business in the States of Oklahoma and Arkansas. It is an investor owned electric utility company engaged in the business of generating, transmitting and distributing electrical power in the States of Oklahoma and Arkansas. OG&E has approximately 765,300 retail customers, of which approximately 63,600 are located in Arkansas. It has additional wholesale customers throughout the region. OG&E's electricity comes from eight company-owned power plants plus purchased power, and it is delivered across an interconnected transmission and distribution system that spans 30,000 square miles. OG&E's principal office is at 321 North Harvey, Oklahoma City, Oklahoma 73102. The Company's principal place of business in Arkansas is located at 219 Garrison Avenue, Fort Smith, Arkansas 72902.

2. OG&E is a public utility as defined by Act 324 of 1935, as amended, which is codified at Ark. Code Ann. § 23-1-101 *et seq.*, and as such, is subject to the

jurisdiction of the Commission. Approval of new rates and charges is sought hereunder pursuant to the provisions of Ark. Code. Ann. § 23-4-402 *et. seq.* and the Commission's *Rules of Practice and Procedure* Rules 4 and 9.

On June 2, 2008, the Company filed with the Commission, pursuant to the provisions of Ark. Code Ann. § 23-4-401, its notice of intention to seek a general change in rates and tariffs. A copy of OG&E's Articles of Incorporation has previously been filed with the Commission and is hereby incorporated by reference.

3. OG&E's books and records are kept in accordance with the Uniform System of Accounts, pursuant to the rules and regulations of the Commission and of the Federal Energy Regulatory Commission. All current utility plant accounts are stated at original cost. With the Application, OG&E is submitting schedules called for by the Commission's *Rules of Practice and Procedure* supporting its proposed changes to its rates and tariffs. Changes in the Company's rates and tariffs will go into effect in thirty (30) days unless the Commission suspends the tariffs pursuant to Ark. Code Ann. § 23-4-407. In such event, it is anticipated that new rates and tariffs will become effective no later than ten (10) months from the date of this filing pursuant to the provisions of Ark. Code Ann. § 23-4-407 or Ark. Code Ann. § 23-4-410(b).

4. OG&E last filed an application for a general change in rates and tariffs on July 28, 2006 in Docket No. 06-070-U. Since the conclusion of OG&E's last rate proceeding, the Company's investment in gross utility plant and facilities used to supply service to its customers has increased by over seven hundred million dollars (\$700 million). The Company also anticipates completion of the acquisition of a fifty-one percent (51%) interest in the Redbud power plant for approximately four hundred forty-

one million dollars (\$441 million) during the *pro forma* test year. The Redbud facility is a 1,230 megawatt combined-cycle plant that operates more efficiently than older units in the OG&E fleet. Due in large part to the increases in, and anticipated addition to, rate base, OG&E finds itself in the position of needing increased revenue through revised rates and tariffs in order for it to be provided a reasonable opportunity to earn sufficient revenue to cover its cost of service, with a fair return on investment to its stockholders. Therefore, it is necessary that the rates of OG&E be increased by \$26,391,288 annually.

5. OG&E further states that prompt and adequate rate relief is essential to enable it to:

- (a) assure continued, reliable and safe electric service and to be able to provide for the expansion of its plant and equipment needed to provide adequate, reliable and safe electric service to the citizens and customers of Arkansas;
- (b) achieve the rate of return upon its investment needed to attract capital at reasonable costs; and
- (c) fairly compensate investors who have supplied the hundreds of millions of dollars which the Company has invested to provide electric facilities to serve its more than 63,600 retail customers in the State of Arkansas.

6. OG&E proposes to use a historical test period of twelve consecutive calendar months ending December 31, 2007, adjusted for reasonably known and measurable changes through December 31, 2008.

7. The rates requested by OG&E are designed to reflect an equalized cost of service to its various customer classes.

8. In determining the appropriate amount of working capital, OG&E has utilized the modified balance sheet approach.

9. Through its proposed revised rate schedules, OG&E seeks the opportunity to earn a just and reasonable return of 7.38% on its investment.

10. Attached hereto and made a part hereof are the minimum filing requirement schedules required by Rule 9 of the Commission's *Rules of Practice and Procedure*.

11. Pursuant to the provisions of Rule 2.03 of the Commission's *Rules of Practice and Procedure*, all correspondence in this docket should be addressed to:

Howard Motley
Oklahoma Gas and Electric Company
P.O. Box 321
Oklahoma City, Oklahoma 73101

Lawrence E. Chisenhall, Jr.
Chisenhall, Nestrud & Julian, P.A.
2840 Regions Center
400 West Capitol Avenue
Little Rock, Arkansas 72201

12. Notice, pursuant to Rule 3.02(b)(1) of the Commission's *Rules of Practice and Procedure*, will be promptly published and proof thereof will be filed with the Commission promptly after publication is completed.

WHEREFORE, in consideration of the foregoing, Oklahoma Gas and Electric Company prays that its application for a general change in the rates, charges and tariffs for its Arkansas customers be approved and for all other appropriate relief.

Respectfully submitted,

CHISENHALL, NESTRUD & JULIAN, P.A.
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By: 
Lawrence E. Chisenhall, Jr. (#74023)

ATTORNEYS FOR OKLAHOMA GAS AND
ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I, Lawrence E. Chisenhall, Jr., do hereby certify that I have served a copy of the foregoing instrument *via* U.S. Mail, postage prepaid to the parties of record on this 29 day of August, 2008.


Lawrence E. Chisenhall, Jr.