

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF MARK ARGENBRIGHT,)
DIRECTOR OF THE PUBLIC UTILITY)
DIVISION, OKLAHOMA CORPORATION)
COMMISSION, FOR A PUBLIC HEARING TO)
REVIEW AND MONITOR APPLICATION OF) CASE NO. PUD 2023
THE FUEL ADJUSTMENT CLAUSE OF)
OKLAHOMA GAS AND ELECTRIC COMPANY)
FOR THE CALENDAR YEAR 2022,)
AND)
FOR A PRUDENCE REVIEW OF THE ELECTRIC)
GENERATION, PURCHASED POWER, AND FUEL)
PROCUREMENT PROCESSES AND COSTS OF)
OKLAHOMA GAS AND ELECTRIC COMPANY)
FOR THE CALENDAR YEAR 2022,)
AND FOR APPROVAL OF **OKLAHOMA GAS AND**)
ELECTRIC COMPANY’S FINANCIAL HEDGING)
PROGRAM)

APPLICATION

COMES NOW Mark Argenbright, Director of the Public Utility Division of the Oklahoma Corporation Commission, by and through the undersigned counsel and hereby states and alleges as follows:

I. PARTIES

Applicant is Mark Argenbright, Director of the Public Utility Division (“PUD”) of the Oklahoma Corporation Commission (“Commission”), located at the Will Rogers Building, 2401 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105.

Respondent is Oklahoma Gas and Electric Company (“OG&E”) and is subject to the jurisdiction of the Commission and currently utilizes a Fuel Adjustment Clause (“FAC”) as defined in 17 O.S. § 250(5) and OAC 165:50-1-2.

II. ALLEGATIONS OF FACT

Review of OG&E's Fuel Adjustment Clause for the Calendar Year 2022

Pursuant to 17 O.S. § 251 *et seq.*, the Commission is delegated the authority to review and monitor the FACs of all public utility companies utilizing an adjustment clause. The Commission is directed to continually monitor and oversee the application of FACs utilized by the various public utilities operating within the State of Oklahoma.

The Commission is directed to monitor the various charges or credits in the FACs to determine whether they are based upon the actual prices paid for fuel. The Commission is also directed to determine if the various charges or credits are properly computed in accordance with the applicable adjustment clause tariff and all applicable Commission rules, including an examination of all methodologies for cost calculations and adjustment clause instructions set forth in previous Commission orders affecting the FACs.

The Commission is directed to determine whether the FAC of each utility should be amended, suspended, or terminated based on its implementation by the utility. The Application covers the billing period that commenced January 1, 2022, and ended December 31, 2022.

The Rules of the Commission at OAC 165:50-5-3(2) state:

(2) PUD, or any other person or entity objecting to the operation of a utility's fuel, purchased gas, or purchased power adjustment clause shall, at or before such general hearing, file with the Commission a complaint in writing setting forth the reasons for such objection. Thereafter, a separate proceeding involving such utility shall be conducted, in accordance with the Commission's Rules of Practice [OAC 165:5].

(A) If no complaint is filed before or at such general hearing with respect to the operation of the fuel, purchased gas, or purchased power adjustment clauses of a utility, no further proceeding shall be had thereon.

(B) If a complaint is filed, the Commission shall at the general hearing set a date for a further hearing with respect to each utility against which a complaint has been filed. The issues to be

determined at such further hearing shall be one or more of the following determinations:

- (i) Whether the charges or credits are based upon the actual prices paid for fuel, purchased power, or purchased gas.
- (ii) Whether the charges or credits are properly computed in accordance with the applicable fuel adjustment clause.
- (iii) Whether the fuel adjustment clause should be amended, discontinued, or suspended because of a change in circumstances since the fuel adjustment clause was approved.

Prudence Review of OG&E's Fuel Procurement Processes and Costs

Applicant further states that the Commission has general supervisory authority over all public utilities. See 17 O.S. § 152. OG&E is a public utility as defined by 17 O.S. § 151, and is subject to the general supervision and regulation of the Commission. Pursuant to that general authority, PUD has elected to conduct a prudence review on all fuel procurement processes and costs of OG&E for calendar year 2022.

The prudence review will be conducted by PUD in accordance with the Rules of the Commission. A prudence review is defined at OAC 165:35-1-2:

...a comprehensive review that examines as fair, just, and reasonable, a utility's practices, policies, and decisions regarding an investment or expense at the time the investment was made or expense was incurred; including direct or indirect maximization of its positive impacts and mitigation of adverse impact upon its ratepayers, consideration of its ultimate used and useful nature.

Approval of OG&E's Financial Hedging Pilot Program

Applicant further states that, pursuant to Case No. PUD 2022-000057, Order 733777, OG&E was ordered to submit a three-year financial hedging pilot program with an annual cost of financial hedges capped at \$10 million for the Commission's approval within 120 days of that Order. In compliance, OG&E is submitting its proposed financial hedging pilot program as part of this Case for PUD's review and recommendation.

III. LEGAL AUTHORITY

The Commission has jurisdiction over this Cause pursuant to Article IX, § 18 of the Oklahoma Constitution and 17 O.S. §§ 152 and 251 *et seq.*

IV. RELIEF SOUGHT

WHEREFORE, Applicant respectfully requests this Cause be set for hearing, that notice thereof be given as specified by the Commission, and that after hearing and taking of evidence, the Commission issue an order:

- a) Approving the FAC for OG&E for calendar year 2022; and
- b) Imposing any and all recommendations PUD may request as a result of PUD's audit regarding the prudence review of OG&E's fuel procurement processes and costs for calendar year 2022.
- c) Applicant respectfully requests that after PUD completes its audit and after notice and hearing, that the Commission issue an order consistent with PUD's audit or grant any relief it deems appropriate and consistent with the applicable statutes and rules, whether specifically requested or not.
- d) Approving OG&E's three-year financial hedging pilot program with an annual cost of financial hedges capped at \$10 Million.

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PUD's Application for FAC/Prudence Review of Oklahoma Gas and Electric Company

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Respectfully submitted,

Mark Argenbright
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Oklahoma Corporation Commission

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CERTIFICATE OF SERVICE

This is to certify that on June 29th, 2023, a true and correct copy of the above and foregoing *Application* was electronically served via the Electronic Case Filing System to those on the Official Electronic Case Filing Service List, or via electronic mail to the following persons:

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OKLAHOMA CORPORATION COMMISSION