

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN THE MATTER OF THE EMERGENCY)
APPLICATION OF OKLAHOMA GAS AND)
ELECTRIC COMPANY FOR AN ORDER OF)
THE COMMISSION APPROVING SPECIAL)
REGULATORY TREATMENT FOR)
EXTRAORDINARY COSTS ARISING FROM)
THE EXTREME 2021 WINTER WEATHER)
EVENT OF FEBRUARY 2021)

Cause No. 202100039



MOTION TO ESTABLISH REGULATORY ASSET

COMES NOW Oklahoma Gas and Electric Company, hereinafter “Applicant”, “OG&E”, or “Company”, and shows as follows:

On February 24, 2021, OG&E filed an application seeking approval of alternative regulatory treatment to avoid customers having to bear the entire costs of the 2021 Extreme Weather Event over the balance of the calendar year. Specifically, OG&E proposed to (i) continue to carry the remaining balance of the 2021 Winter Weather Event on its books (*i.e.*, those costs not included in the initial Fuel Cost Adjustment Tariff (FCA) adjustment in April 2021 related to procuring natural gas supplies and wholesale energy for Oklahoma customers and any other reasonable costs necessary to ensure stability and reliability of natural gas and electricity service); and (ii) defer such costs to a regulatory asset account to be amortized over a 10-year period and collected through the Company’s FCA tariff over that 10-year period beginning in January 2022. OG&E also requested that, since OG&E will continue to finance this large and substantial cost on its balance sheet for 10 years, the deferred costs include carrying costs at OG&E’s weighted average cost of capital.

OG&E has secured \$1 billion of financing to cover its fuel and purchased power costs incurred during the 2021 Extreme Weather Event. The Company requests that the Commission immediately approve the regulatory asset requested in its application and also specify an initial carrying charge on the regulatory asset balance that matches the effective interest rate for this financing. This will allow the creation of a regulatory asset to capture the costs of the Company’s

fuel and purchased power and then allow the parties in this Cause to further explore issues relating to the amortization period of the regulatory asset, the long-term carrying charge over the length of that amortization period, and the method for recovery from customers. In addition, the creation of this regulatory asset will not mean that the costs included in the regulatory asset will be recovered at this time or that the Commission has reached a conclusion about the prudence or reasonableness of the costs. All costs incurred by the Company for fuel and purchased power will be thoroughly examined in due course in this or a subsequent proceeding.

Wherefore, premises considered, OG&E respectfully requests that the Commission set a hearing in this matter and issue the regulatory asset requested in its application with an initial carrying charge on the regulatory asset balance that matches the effective interest rate associated with the financing. This will allow the Cause to proceed in considering the issues relating to the amortization period of the regulatory asset, the long-term carrying charge over the length of that amortization period, and the method for recovery from customers.

Respectfully submitted,

OKLAHOMA GAS AND ELECTRIC COMPANY



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CERTIFICATE OF SERVICE

This is to certify that on the 25th day of February, 2021, a true and correct copy of the above and foregoing motion was transmitted to the following:

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