

**STANDARD PRICING SCHEDULE: DPR
DEMAND PROGRAM RIDER**

STATE OF OKLAHOMA

EFFECTIVE IN: Oklahoma Retail Jurisdiction.

APPLICABLE RATE SCHEDULES: The DPR shall be applied to all Oklahoma jurisdictional rate classes.

TERM: This DPR Tariff shall remain in effect until modified or terminated by the Commission.

PURPOSE: The purpose of the Demand Program Rider (DPR) Tariff is to establish the DPR Rate(s) by which Oklahoma Gas And Electric Company will recover the costs for the specific programs plus the lost revenue and incentives from energy and demand reduction as approved by the Commission in its final order in Cause No. 200900200 and shall become effective the month following approval by the Commission and implementation of the programs. Recovery is limited to: the total budget for the proposed programs; earned program shared benefits and incentives; calculated lost net revenues for total demand and energy reduction; and prior year true-up amounts. The DPR Rate(s) will be calculated to recover those costs over the period in which the DPR Rate(s) will be in effect.

DPR RATE FORMULA: The DPR Rate is a three part design. The first part is the Program Cost factor (PCf) which will apply to all current year participating customers. The second part is the Prior Period Cost Adjustment factor (PPCAf) and will apply to all current and prior year participating customers. The third part is the Demand Program Rider Opt-out Adjustment factor (DPROAf) and will apply only to those Large Power and Light (LPL-1) and Power and Light (PL-1) customers who are high-volume electricity users that elect to Opt-out of all Demand Program measures except for the Standard Offer Program (SOP). The DPR, DCf, PPCAf, and DPROAf formulae are shown below (with the PCf, PPCAf and DPROAf Rates shown in Attachment A to this DPR Tariff).

$$\text{DPR} = \text{PCf} + \text{PPCAf} + \text{DPROAf}$$

PART 1 – Program Cost factor

$$\text{PCf} = (\text{APB} + \text{APB}_{\text{SOP}} * (1 - \text{AP}_{\text{SOP}})) \div \text{TABU}$$

APB = the Annual Program Budget for All Programs excluding the Standard Offer Program and Educational Program

APB_{SOP} = the Annual Program Budget for the Standard Offer Program plus Education Program costs

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| (Effective) | (Order No.) | (Cause/Docket No.) |
| April 2, 2010 | 573419 | PUD 200900200 |
| August 1, 2008 | 556179 | PUD 200800059 |

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AP_{SOP} = Allocation Percentage for standard offer program which assigns total standard offer program costs to those customers participating in the standard offer program. (see AP_{SOP} in PART 3 below)

TABU = the Total Annual Billing Units for all Participating Customer Classes, measured in kilowatt-hour (kWh), and are net of all High-Volume Electricity User(s) (HVEU) total annual energy (kWh) that have chosen to not participate in these demand programs regardless of whether HVEU customers elect to participate in the Standard Offer Program..

PART 2 – Prior Period Cost Adjustment factor for each customer class

$$PPCAF = [PPSSI + PPLNR + PPOUC + APPC_{SOP}] * CC \div ABU$$

$$PPSSI = PPASB + PPAPI$$

Prior Period Shared Savings and Incentives (PPSSI) are the Prior Period Actual Shared Benefits (PPASB) plus Prior Period Actual Program Incentives (PPAPI) earned as a result of Demand Program implementation. These values are calculated as:

$$PPASB = \text{Net Benefit} * SP1 \text{ (Shared Percentage \#1), where:}$$

Net Benefit is calculated for each program where the approved program evaluation test is greater than 1.0

SP1 (Share Percentage #1) is 15%

$$PPAPI = \text{Prior Period Actual Program Cost} * SP2 \text{ (Shared Percentage \#2), where:}$$

Prior Period Actual Program Costs for each program where the approved program evaluation test is less than or equal to 1.0

SP2 (Share Percentage #2) is 15%

$$PPLNR = PPTES * EFC + PPTDS * DC, \text{ where:}$$

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Prior Period Lost Net Revenue (PPLNR) is the revenues associated with volumetric Prior Period Total Energy Savings (PPTES) and Prior Period Total Demand Savings (PPTDS)

- PPTES = Prior Period Total Energy Savings
- EFC = Embedded Fix Cost per kWh
- PPTDS = Prior Period Total Demand Savings
- DC = Demand Charge reflected in current tariffs
- PPOUC = EPPRC - APPRC

Prior Period Over Under Collections (PPOUC) is difference between budgeted revenues and actual costs for the prior year, where:

- EPPRC = Expected Prior Period Revenue Collections
- APPRC = Actual Prior Period Revenue Collections
- $APPC_{SOP} = (PPSSI_{SOP} + PPLNR_{SOP}) * (1 - AP_{SOP})$

Allocated Prior Period Cost for the standard offer program ($APPC_{SOP}$) are all shared savings and incentives and lost net revenues costs assigned to all other customers. An energy allocator is used to apportion these costs to individual customer classes

- $PPSSI_{SOP}$ = Prior Period Shared Savings and Incentives (PPSSI) for the standard offer program (see PART 3 below)
- $PPLNR_{SOP}$ = Prior Period Lost Net Revenues (PPLNR) for the standard offer program (see PART 3 below)
- AP_{SOP} = Allocation Percentage for standard offer program which assigns total standard offer program costs to those customers participating in the standard offer program. (see AP_{SOP} in PART 3 below)

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- CC = Carrying Costs based on the latest approved cost for long-term debt
- ABU = Annual Billing Units for all Participating Customers in the specific class, measured in kilowatt-hour (kWh), are the total calendar year energy for each participating rate class, and are net of all High-Volume Electricity User(s) total annual energy (kWh) that have chosen to not participate in these demand programs.

Part 3 - Demand Program Rider Opt-out Adjustment factor for each customer class

$$DPROAf = [(PPPC_{SOP} + PPSSI_{SOP} + PPLNR_{SOP}) * AP_{SOP} + PPOUC_{SOP}] * CC \div ABU_{SOP}$$

AP_{SOP} = Allocation Percentage for standard offer program which assigns total standard offer program costs to those customers participating in the standard offer program. The Allocation Percentage is based on the Annual Billing Units for all Participating Customer classes in the Standard Offer Program (ABU_{SOP}) divided by the summation of TABU plus the Annual Billing Units for all Participating Customer classes in the Standard Offer Program (ABU_{SOP}).

PPPC_{SOP} = Prior Period Program Costs for the Standard Offer Programs and Educational Programs

$$PPSSI_{SOP} = PPASB_{SOP} + PPAPI_{SOP}$$

Prior Period Shared Savings and Incentives (PPSSI) for the standard offer program are the Prior Period Actual Shared Benefits (PPASB) for the standard offer program plus Prior Period Actual Program Incentives (PPAPI) earned as a result of Demand Program implementation for the standard offer program, including Educational Programs. These values are calculated as:

$$PPASB_{SOP} = Net\ Benefits_{SOP} * SP1\ (Shared\ Percentage\ \#1),\ where:$$

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Net Benefit is calculated for the standard offer program where the approved program evaluation test is greater than 1.0

SP1 (Share Percentage #1) is 15%

PPAPI_{SOP} = Prior Period Actual Program Cost * SP2 (Shared Percentage #2), where:

Prior Period Actual Program Costs for the standard offer program, including Educational Programs, where the approved program evaluation test is less than or equal to 1.0

SP2 (Share Percentage #2) is 15%

PPLNR_{SOP} = PPTES_{SOP} * EFC + PPTDS_{SOP} * DC, where:

PPTES_{SOP} = Prior Period Total Energy Savings for the standard offer program

EFC = Embedded Fix Cost per kWh

PPTDS_{SOP} = Prior Period Total Demand Savings for the standard offer program

DC = Demand Charge reflected in current tariffs

PPOUC_{SOP} = EPPRC_{SOP} - APPRC_{SOP}

EPPRC_{SOP} = Expected Prior Period Revenue Collections for the standard offer program

APPRC_{SOP} = Actual Prior Period Revenue Collections for the standard offer program

CC = Carrying Costs based on the latest approved cost for long-term debt

ABU_{SOP} = Annual Billing Units for all Participating Customers in the Standard Offer Program are the total calendar year energy, measured in kilowatt-hour (kWh), for each participating rate class.

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Customer Classes (for purposes of this tariff):

Residential = All residential rates

General Service = All General Service rates and Municipal Pumping, excluding: Oil/Gas Production, Outdoor Security Lighting, and Municipal Lighting rates

Oil/Gas Production = All GS Oil/Gas Production rates

Schools Non-Demand = All Public Schools Non-Demand rates

Schools Demand = All Public Schools Demand rates

Power and Light = All Power and Light rates

Large Power and Light = All Large Power and Light rates excluding Special Contract rates and Opt-out customers (defined below)

INITIAL RATE(S): The DPR Rate(s) shall be submitted to the Commission Staff and shall be accompanied by a set of work papers sufficient to fully document the calculations of the DPR Rate(s). The DPR Rate(s) shall reflect: the projected DPR Program Costs, the prior periods lost net revenues; earned shared savings and incentives. The DPR Rate(s) so determined shall be effective on or after the first billing cycle following the final order in Cause No. 200900200.

ANNUAL RE-DETERMINATION: On or before the end of February of each year, beginning in 2010, re-determined DPR Rate(s) shall be submitted by the Company to the Commission Staff. The re-determined DPR Rate(s) shall be calculated by application of the DPR Rate Formula set out in this DPR Tariff. Each such revised DPR Rate shall be submitted to the Commission Staff and shall be accompanied by a set of work papers sufficient to fully document the calculations of the revised DPR Rate(s) with the new rates being implemented with the first billing cycle in April.

The re-determined DPR Rate(s) shall reflect the projected DPR Program Costs for the 12-month period commencing on January 1 of the current year ("Filing Year"), and the prior period lost net revenues, earned shared savings and incentives, and a true-up of any over or under revenue

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collections. The true-up adjustment for the first annual re-determined rate(s) will reflect the over-recovery or under-recovery for the 18-month Quick Start program period, July 2008 through December 2009.

The Prior Period Over/Under Amount is the difference between the revenues collected less the expected revenues from the prior period re-determination. The adjustment will be calculated to include the effect of carrying costs using the Company's latest approved cost for long-term debt. In support of the re-determined rate, the utility shall secure or create, and subsequently retain, work papers containing all data needed to substantiate its proposed DPR Rate.

INTERIM ADJUSTMENT: Should a cumulative over-recovery or under-recovery balance arise during any DPR Cycle which exceeds ten percent (10%) of the current DPR expected revenues, included in the most recently submitted rate re-determination under this DPR Tariff, then either the Commission Staff or the Company may propose an interim revision to the currently effective DPR Rate(s).

HIGH-VOLUME ELECTRICITY USERS OPTIONAL PARTICIPATION
ADJUSTMENT (HVEU):

Existing customers defined by Demand Program Rules (subchapter 41) as a high-volume electricity user may elect to not participate in all Demand Programs and the corresponding cost recovery. Existing customers electing not to participate must submit notice of their decision to the director of Public Utility Division and to the Company within thirty (30) days after a Final Order in Cause Number 200900200 in order for a customer to make the opt-out effective. After thirty days from the date of such order, high-volume electric users may no longer opt out until thirty (30) days before the next true-up period, which is generally defined as a calendar year, and will be subject to true-up factor the next period. A customer electing to opt out will still be responsible for any Prior Period Cost Adjustment factor for past periods when that customer was not opted out and Demand Program Rider Opt-out Adjustment factor. The costs that would have been recovered from these opt-out customers will be recovered from the remaining jurisdictional retail customers as previously defined in the Customer Classes provision of this tariff.

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