

**BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA**

IN THE MATTER OF THE APPLICATION OF )  
OKLAHOMA GAS AND ELECTRIC COMPANY )  
FOR AN ORDER OF THE COMMISSION ) CAUSE NO. PUD 200500151  
AUTHORIZING APPLICANT TO MODIFY ITS )  
RATES, CHARGES, AND TARIFFS FOR RETAIL )  
ELECTRIC SERVICE IN OKLAHOMA. )

**APPLICATION**

COMES NOW Oklahoma Gas and Electric Company, hereinafter referred to as "Applicant," "OG&E," or "Company," and in accordance with 17 O.S.A. §152 and the Commission's rules promulgated thereunder, alleges and shows as follows:

**I. Parties.**

OG&E is an investor owned electric public utility with plant, property, and other assets dedicated to and for the generation, production, transmission, distribution and sale of electric power and energy at wholesale and retail levels within the states of Oklahoma and Arkansas. OG&E is incorporated within the State of Oklahoma, is subject to the regulatory authority of this Commission with respect to its retail rates and charges within the State of Oklahoma, and has the following address as its principal place of business:

321 N. Harvey Avenue  
Oklahoma City, Oklahoma 73102

Applicant is represented for the purpose of these proceedings by the following named individuals whose addresses are reflected below:

William J. Bullard, OBA No. 1302  
John W. Harbour, Jr., OBA No. 3831  
Oklahoma Gas and Electric Company  
P.O. Box 321  
Oklahoma City, Oklahoma 73101  
405-553-3182  
405-553-3198 (Facsimile)

Robert D. Stewart, Jr., OBA No. 8628  
Dustin Fredrick, OBA No. 19095  
Rainey, Ross, Rice & Binns  
735 First National Center West  
120 North Robinson  
Oklahoma City, Oklahoma 73102  
405-235-1356  
405-235-2340 (Facsimile)

Clark Evans Downs  
Jones Day  
51 Louisiana Avenue, NW  
Washington, D.C. 20001-2113  
202-879-3883  
202-626-1700 (Facsimile)

All correspondence, pleadings and communications with respect to this proceeding should be directed to all named counsel at their respective addresses.

## **II. Facts.**

A. On April 4, 2005, pursuant to OAC 165:70-3-7 of the Commission's Minimum Standard Filing Requirements, Applicant filed its Notice of Intent, advising the Commission of its intent to file an Application seeking Commission review of OG&E's rates and charges for retail electric service within the State of Oklahoma. OG&E tenders with the filing of this Application its complete application package as required by OAC 165:70-3-1, and concurrent with the filing of the application package, the Company is providing to the Public Utility Division its supplemental package as required by OAC 165:70-5-20. OG&E represents to the Commission that all of its reports to the Commission have been provided as required by Commission Order, and that the Company has no outstanding obligations as defined in the Minimum Standard Filing Requirements, OAC 165:70. (See OAC 165:70-3-2.)

B. Applicant's current rates and charges were approved by the Commission by its Order No. 470044 issued November 22, 2002 based on a Joint Stipulation and Settlement utilizing a test year ending September 30, 2001.

This Application and supporting documentation is based upon a test year ending December 31, 2004, in compliance with OAC 165:70-3-3. As reflected in the application package and supporting testimony filed in support of this Application, OG&E proposes:

1. to implement the next phase of its Customer Savings and Reliability Plan;
2. to implement a general rate change of \$89,064,720 effective with the first billing cycle in the revenue month of December, 2005;

3. to include costs associated with the addition of the McClain generation facility in its investment in electric plant (rate base), as described in the Joint Stipulation and Settlement Agreement in Cause No. PUD 200100455 and attached to Commission Order No. 470044, including, but not limited to:
  - (a) total capital costs;
  - (b) operation and maintenance expense, depreciation and ad valorem taxes;
  - (c) the amortization of the regulatory asset accruing since July 8, 2004; and
  - (d) a determination of the prudence of the natural gas transportation services to the McClain plant;
4. to implement enhanced reliability programs, including:
  - (a) increased capital expenditures for improving reliability and efficiency of the OG&E system; and
  - (b) increased fuel oil inventory;
5. to recognize all known and measurable changes;
6. to rely upon studies performed for the Company, including but not limited to, a marginal cost study, lead-lag study and depreciation rate study;
7. to establish a separate recovery mechanism for major storm expense;
8. to implement a fuel cost adjustment modification that includes service level assignment of line loss;
9. to establish new rate classes for public schools and related facilities;
10. to establish a new Military Base Rider;
11. to establish a new low income assistance tariff;
12. to establish a Custom Contract tariff;
13. to make the Guaranteed Flat Bill pilot tariff permanent for residential and small business customers;

14. to adjust the power factor in the Power and Light and Large Power and Light rate classes;
15. to modify the Green Power Wind Rider (GPWR);
16. to modify the Cogeneration Capacity Rider.
17. to reduce the subsidy of Residential customers by the small business class (General Service) by reapportioning the Residential class subsidy; and
18. to establish rate design to minimize inter- and intra-class subsidy based on the cost of service and marginal cost study.

C. Applicant is not earning sufficient operating income to produce a fair and reasonable return on capital or a fair and reasonable return on the value of its plant, property and other assets dedicated to public utility service within the state of Oklahoma. Applicant must have increased rates and consequent additional revenues if Applicant is to continue to provide adequate and reliable electric service and earn a fair, just and reasonable rate of return on its investment.

D. In this Application, the request is for increased rates to produce sufficient additional revenue to achieve a 11.75 percent return on a 55.687 percent equity ratio for the test year, which Applicant alleges to be a minimum fair, just and reasonable rate.

### **III. Legal Authority.**

The Commission has jurisdiction in these proceedings by virtue of Article IX, Sections 18 and following of the Constitution of the State of Oklahoma, 17 O.S. §§151 et seq., and the Rules and Regulations of this Commission, including the Commission's Minimum Standard Filing Requirements as set forth in OAC 165:70.

### **IV. Relief Requested.**

WHEREFORE, premises considered, OG&E requests that the Commission, after giving notice of hearing and after appropriate investigation and hearing as prescribed by its rules, issue its Order authorizing Applicant to adjust its retail rates subject to jurisdiction of the Commission by the amount hereinabove set forth, authorizing Applicant to file tariffs reflecting the proposals

hereinabove set forth to permit Applicant to earn a reasonable return on its capital and a reasonable rate of return on the value of its plant, property and other assets devoted to public utility service in the state of Oklahoma, determining the gas transportation contract with Oneok Gas Transportation for service to the McClain plant to be prudent, and for such other and further relief as the Commission may determine to be fair, just, and equitable.

Respectfully submitted,

OKLAHOMA GAS AND ELECTRIC COMPANY

By  \_\_\_\_\_

William J. Bullard, OBA No. 1302  
John W. Harbour, Jr., OBA No. 3831  
P. O. Box 321  
Oklahoma City, Oklahoma 73101  
(405) 553-3182  
(405) 553-3198 (Facsimile)

Robert D. Stewart, Jr., OBA No. 8628  
Dustin Fredrick. OBA No. 19095  
Rainey Ross Rice & Binns  
735 First National Center West  
120 North Robinson  
Oklahoma City, Oklahoma 73102  
(405) 235-1356  
(405) 235-2340 (Facsimile)

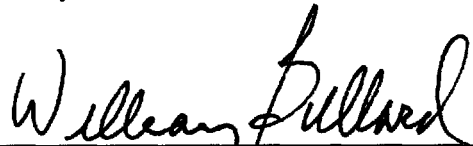
and

Clark Evans Downs  
Jones Day  
51 Louisiana Avenue, NW  
Washington, D.C. 20001-2113  
202-879-3883  
202-626-1700 (Facsimile)

Attorneys for Applicant

Certificate of Hand Delivery

On the 20th day of May, 2005, a true and correct copy of the above and foregoing Application was hand-delivered to David Dykeman, Deputy General Counsel and Jennifer Barger, Assistant General Counsel, Oklahoma Corporation Commission, 2101 Lincoln Boulevard, Oklahoma City, Oklahoma 73105, and William D. Humes, Assistant Attorney General, 2300 N. Lincoln Boulevard, Oklahoma City, Oklahoma 73105.

  
\_\_\_\_\_  
William J Bullard