

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE)
COMPANY OF OKLAHOMA FOR A)
DETERMINATION THAT ADDITIONAL) CAUSE NO. PUD 200500516
ELECTRIC GENERATING CAPACITY)
WILL BE USED AND USEFUL)

APPLICATION OF PUBLIC SERVICE)
COMPANY OF OKLAHOMA FOR A)
DETERMINATION THAT ADDITIONAL) CAUSE NO. PUD 200600030
BASELOAD ELECTRIC GENERATING)
CAPACITY WILL BE USED AND USEFUL)

IN THE MATTER OF THE APPLICATION OF)
OKLAHOMA GAS AND ELECTRIC COMPANY)
FOR AN ORDER OF THE COMMISSION) CAUSE NO. PUD 200700012
GRANTING PRE-APPROVAL TO CONSTRUCT)
RED ROCK GENERATING FACILITY AND)
AUTHORIZING A RECOVERY RIDER)

OG&E SHAREHOLDERS ASSOCIATION'S STATEMENT OF POSITION

In lieu of responsive testimony, the OG&E Shareholders Association submits this statement of position. The proposed Red Rock electricity generating project is the best available and least cost solution to the demonstrable need for additional generating capacity of the state's two largest regulated electric utilities and for the communities served by OMPA. If completed, the Red Rock project will serve more than 95% of the State's homes and businesses. The OG&E Shareholders Association supports the proposed joint project of OG&E, PSO and OMPA as a bold and unique initiative that holds great promise not only for the customers and ratepayers, but also for the companies, their shareholders and, indeed, the State of Oklahoma as a whole.

Legislators, Commissioners, the Attorney General, the OIEC, many IPPs and other interested

parties have hailed HB 1910 (17 O.S. §286 (C)) and the related OCC rule (OAC Rule 165:35-38-5) as a great advance in modernizing regulation. The pre-approval statute and rules were recognized as an innovative method of regulation that holds the promise of insuring that needed electric generating projects can be built in Oklahoma under modern regulatory terms, rather than only under the prohibitively expensive restrictions of traditional regulation. It was readily conceded that the pre-approval method was particularly appropriate because of the current situation in which huge investments in infrastructure are needed in Oklahoma.

After passage of the pre-approval statute, and even before the rules were finalized, the financial market analysts who follow Oklahoma utilities were rightly urged to take note of the changed regulatory environment in Oklahoma. In OG&E's last general rate case, Commissioner Bode repeated the notice to the financial markets and encouraged OG&E Shareholders Association's witness to join her in publicizing the important change. In part, Commissioner Bode said:

Page ch - 115

COMMISSIONER BODE:

"2 In fact, I have to tell you, on 1910, I know you were
3 talking about, well, when they come in and start going
4 through the - - you know, we are in the process of doing a
5 notice of proposed rule making right now on 1910, which is
6 very comprehensive, as well as other things with regard to
7 competitive bidding and other things that I think provide
8 greater certainty for ratepayers and for the industry. When
9 we get the rules of the road in place on this I think all
10 the things that we have done in the last two or three years
11 provide greater certainty for these utilities doing business
12 in Oklahoma as they go forward and have to make big
13 investments.

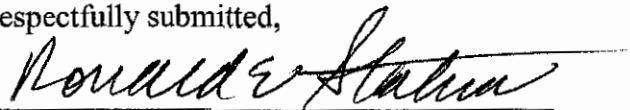
14 So, I would like us to be looked at specially and not
15 as part of a broader whole in terms of things we
16 specifically have done as a package to make our utilities
17 stronger as they have to go into capital markets to raise
18 money for these big new investments.

19 So, it's less a question than a statement that I would
20 ask you all to take back and to consider as part of what we
21 are doing. And I have made the same statement to a group of
22 industry analysts two weeks ago in New York when they
 always
23 talk about the Coasts, about what the West Coast is doing
24 and what the East Coast is doing, what Ohio is doing, we
25 would like them to come down and look at the Southwest a
Page ch - 116
1 little bit more clearly and look at us as a region, because
2 I think what we have done in working with the industry and
3 working with representatives and working together as
4 regulators is really going to benefit consumers in getting
5 it done on the best and most inexpensive basis. And I think
6 it will help the industry in helping to finance those
7 things. ..." (In The Matter Of The Application Of Oklahoma
 Gas And Electric Company For An Order Of The
 Commission Authorizing Applicant To Modify Its Rates,
 Charges, And Tariffs For Retail Electric Service In
 Oklahoma, PUD 200500151)

The word is out. Future debt issuers, analysts, shareholders and potential investors are all well aware of the pre-approval statute and rule. They have taken note of the possibility that the application of the pre-approval method of regulation in Oklahoma may translate the promise of benefits into actual value. They are watching this case to see if a worthy project like Red Rock is in fact pre-approved, as requested.

The OG&E Shareholders Association awaits the responsive testimony of the other parties. The OG&E Shareholders Association reserves its right to file rebuttal testimony to challenge those who, for whatever reason, would prefer to defeat the promise of pre-approval, cling to traditional and prohibitive regulation and subject ratepayers to high and volatile fuel costs.

Respectfully submitted,



Ronald E. Stakem, OBA #8540

Jack G. Clark Jr., OBA #1703
Clark, Stakem, Wood & Patten, P.C.
101 Park Avenue, Suite 400
Oklahoma City, Oklahoma 73102
(405) 232-4271
(405) 232-4275 FAX
rstakem@cswp-law.com
cclark@cswp-law.com

ATTORNEYS FOR OG&E SHAREHOLDERS
ASSOCIATION

CERTIFICATE OF MAILING

This is to certify that on the 21st day of May, 2007 a true and correct copy of the above and foregoing OG&E Shareholders Association's Statement Of Position was mailed, United States mail, with postage prepaid, to:

William J. Bullard
Patrick D. Shore
Kimber L. Shoop
P.O. Box 321
Oklahoma City, OK 73101

Robert D. Stewart, Jr.
Dustin R. Fredrick
Rainey Ross Rice & Binns, PLLC
735 First National Center West
120 N. Robinson
Oklahoma City, OK 73102

Thomas P. Schroedter
James D. Satrom
Hall, Estill, Hardwick, Gable,
Golden & Nelson, P.C.
320 S. Boston, Suite 400
Tulsa, OK 74103

J. Fred Gist
Hall, Estill, Hardwick, Gable,
Golden & Nelson, P.C.
100 N. Broadway, Suite 2900
Oklahoma City, OK 73102

Jack P. Fite
White, Coffey & Fite, P.C.
1001 N.W. 63rd Street, Suite 100
Oklahoma City, OK 73116

David B. Dykeman
Deputy General Counsel
Oklahoma Corporation Commission
P.O. Box 52000-2000
Oklahoma City, OK 73152-2000

William L. Humes
Elizabeth Ryan
Assistant Attorneys General
Office of the Attorney General

Cheryl A. Vaught
Scot A. Conner
Vaught & Conner, P.L.L.C.
50 Penn Place Building

313 N.E. 21st Street
Oklahoma City, OK 73105

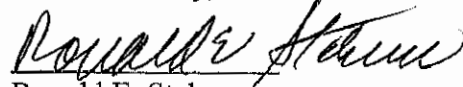
Kendell W. Parrish
Comingdeer, Lee & Gooch
6011 N. Robinson
Oklahoma City, OK 73118

Lee W. Paden
Law Offices of Lee W. Paden, P.C.
1215 "B" East 33rd Street
P.O. Box 52072
Tulsa, OK 74152-0072

1900 NW Expressway, Suite 1300
Oklahoma City, OK 73118

Deborah R. Thompson
100 North Broadway, Suite 2800
Oklahoma City, OK 73102

Rick D. Chamberlain
Behrens, Taylor, Wheeler & Chamberlain
6 N.E. 63rd, Suite 400
Oklahoma City, OK 73105


Ronald E. Stakem