EFFECTIVE IN: The Oklahoma Retail Jurisdiction.

PURPOSE: The purpose of the Demand Program Rider ("DPR") is to recover the costs for the specific programs in the Company's demand portfolio, lost net revenues, and incentives as approved by the Oklahoma Corporation Commission ("OCC" or "Commission").

TERM: The DPR shall become effective beginning with the January 2016 billing month and shall remain in effect until modified or terminated by the Commission.

APPLICABILITY: The DPR shall be applied to all Oklahoma jurisdictional rate classes unless specifically excluded. The DPR does not apply to the Outdoor Security Lighting rate class, the Municipal Roadway and Area Lighting rate class, or any Special Contract rate customers. A High Volume Electricity User who chose to opt-out shall be excluded from the corresponding portion(s) of the DPR.

HIGH-VOLUME ELECTRICITY USERS (HVEU) OPTIONAL PARTICIPATION:
Existing customers defined in the Demand Program Rules (OAC 165:35-41-3) as high-volume electricity users may elect to not participate in some or all Demand Programs and the corresponding cost recovery. This is known as "opt-out".

To opt-out, High-Volume Electricity Users must submit thirty (30) days notice of their opt-out decision to the Director of Public Utility Division of the Commission and to the Company within thirty (30) days after the Company has received final approval of its Demand Portfolio. Thirty (30) days after the Company has received final approval of its Demand Portfolio, High-Volume Electricity Users who participate in more than the demand response portion of the Demand Programs may not opt-out of DPR for the Demand Portfolio period (three years).

High-Volume Electricity Users who participate only in the demand response portion of the Demand Programs may opt-out any time during the Demand Portfolio period (three years). High-Volume Electricity Users who chose to opt out may choose to opt back in, without a charge, only to the demand response portion of the Demand Programs. To opt back in, High-Volume Electricity Users must submit thirty (30) days notice of their opt back in decision to the Director of Public Utility Division of the Commission and to the Company. High-Volume Electricity Users who chose to opt out may not opt back in to more than the demand response portion of the Demand Programs unless they agree to pay an upfront payment which reflects their calculated contribution to the Demand Programs recovery for the Demand Portfolio period.

Once a High Volume Electricity User has opted out of Demand Programs, none of the costs of any Demand Programs shall be charged to such User, including its affiliate or subsidiary listed on such User's opt out notice, unless and until the User chooses to opt back into the Demand Programs.

RATE FORMULAS: The DPR Rate is comprised of two rates for each Major Class: the DRP rate and the EEP rate.

MAJOR CLASSES: DRP and EEP rates will be computed for the two major customer classes identified as follows:

Residential Class: all applicable residential rates;

Non-Residential Class: all applicable General Service rates, Municipal Pumping rates, Oil/Gas Production rates, Public Schools rates, Power and Light rates, and Large Power and Light rates.

DRP: The DRP rate will recover the program costs, incentives, and lost net revenues associated with the Company's demand response programs. The DRP rate for each year shall initially be established based on projected program costs approved in Cause Number PUD 201500247. All subsequent DRP rates for each year shall be established based on actual program costs, incentives, and lost net revenues. These initial rates are shown by year in Attachment 1.

The DRP will be calculated on a per kilowatt-hour (kWh) basis for each Major Class and is computed as follows:

$$DRP_{Class} = \frac{PCDR_{Class} + IDR_{Class} + LNRDR_{Class} + OUDR_{Class} + CCA_{Class}}{kWhDR_{Class}}$$

$PCDR_{Class}$ = Program Cost for all approved Demand Response programs.

IDR_{Class} = Incentives as approved for all approved Demand Response programs. Incentives will be calculated according to OAC 165:35-41-8.

$LNRDR_{Class}$ = Lost Net Revenue is the revenues associated with the cumulative energy and demand savings inclusive of prior period verified energy and demand savings as submitted and accepted by PUD Staff in the annual DPR Reports. Lost Net Revenue shall also include projected energy and demand savings through the twelve month period following implementation of revised DPR factors. Lost Net Revenue shall be calculated for each specific Standard Pricing Schedule and the applicable corresponding customers who subscribe to a Demand Response program for each Demand Response program as follows:

$LNRDR_{Class}$ = *TES * EFC + TDS * DC, where:*

TES = Total Energy Savings and, when projected, is defined as the savings to be submitted for verification and calculated according to the Company's projections in line with the definition for Verified Savings in OAC 165:35-41-3,

and

when included as prior period cost for true-up is defined as the Verified Savings calculated according to OAC 165:35-41-3 (definition for Verified savings).

EFC = Embedded Fixed Cost per kWh and is defined as the seasonal base rate energy price per kWh as reflected in current tariffs.

TDS = Total Demand Savings.

DC = Demand Charge reflected in current tariffs.

$OUDR_{Class}$ = Over/Under recovery amount for all approved Demand Response programs. $OUDR_{Class}$ is used to reconcile the difference between the amount of revenues actually billed through the respective components and the revenues which have been approved to be recovered through the respective components. The $OUDR_{Class}$ will apply to the following components as follows:

1) For the $PCDR_{Class}$, Over/Under ($OUDR_{Class}$) amount will be the difference between the amount billed in a twelve-month period from the application of the $PCDR_{Class}$ charge and the actual cost of the approved programs during the same twelve-month period.

2) For the IDR_{Class}, Over/Under ($OUDR_{Class}$) amount will be the difference between the amount billed in a twelve-month period from the application of the IDR_{Class} charge and the earned incentive amount for the same twelve-month period.

3) For the $LNRDR_{Class}$, Over/Under ($OUDR_{Class}$) amount will be the difference between the amount billed in a twelve-month period from the application of the $LNRDR_{Class}$ charge and the $LNRDR_{Class}$ amount based on verified savings actually incurred during the same twelve-month period. The verified savings will be reviewed by an independent third party evaluator.

4) The $OUDR_{Class}$ will also include any amounts from the approved Demand Programs from the prior periods (e.g. 2013-2015) not included in base rates, including, but not limited to, continuing revenue requirements and program costs from demand response programs and continuing lost net revenues. These amounts will cease to be recovered through this DPR beginning with the billing month when these amounts are included for recovery though base rates implemented as a result of OG&E's next general rate case. However, any amount included in $OUDR_{Class}$, but not yet collected through the $OUDR_{Class}$, at the billing month of implementation of new base rates, will be recovered through this rider.

5) For the $OUDR_{Class}$, Over/Under ($OUDR_{Class}$) amount will be the difference between the amount billed in a twelve-month period from the application of the $OUDR_{Class}$ charge and the Over/Under amount established for the same twelve-month period.

CCA_{Class} = The Carrying Charge Amount is the most recent Commission approved cost of debt rate multiplied by the ending balance of the current month's Over/Under recovery.

$kWhDR_{Class}$ = Projected Oklahoma jurisdictional annual kWh for each Major Class net of the total annual energy (kWh) for all excluded customers.

EEP: The EEP rate will recover the program costs, incentives, and lost net revenues associated with the Company's energy efficiency programs. The EEP rate for each year shall initially be established based on projected program costs approved in Cause Number PUD 201500247. All subsequent EEP rates for each year shall be established based on actual program costs, incentives, and lost net revenues. These initial rates are shown by year in Attachment 1.

The EEP will be calculated on a per kilowatt-hour (kWh) basis for each Major Class and is computed as follows:

$$EEP_{Class} = \frac{PCEE_{Class} + IEE_{Class} + LNREE_{Class} + OUEE_{Class} + CCA_{Class}}{kWhEE_{Class}}$$

$PCEE_{Class}$ = Program Cost for all approved Energy efficiency programs.

IEE_{Class} = Incentives as approved for all approved energy efficiency programs. Incentives will be calculated according to OAC 165:35-41-8.

$LNREE_{Class}$ = Lost Net Revenue is the revenues associated with the cumulative energy and demand savings inclusive of prior period verified energy and demand savings as submitted and accepted by PUD Staff in the annual DPR Reports. Lost Net Revenue shall also include projected energy and demand savings through the twelve month period following implementation of revised DPR factors. Lost Net Revenue shall be calculated for each specific Standard Pricing Schedule and the applicable corresponding customers who subscribe to an Energy Efficiency program for each Energy Efficiency program as follows:

$LNREE_{Class}$ = *TES * EFC + TDS * DC, where:*

TES = Total Energy Savings and,
when projected, is defined as the savings to be submitted for verification and calculated according to the Company's projections in line with the definition for Verified Savings in OAC 165:35-41-3, and
when included as prior period cost for true-up is defined as the Verified Savings calculated according to OAC 165:35-41-3 (definition for Verified savings).

EFC = Embedded Fixed Cost per kWh and is defined as the seasonal base rate energy price per kWh as reflected in current tariffs.

TDS = Total Demand Savings.

DC = Demand Charge reflected in current tariffs.

$OUEE_{Class}$ = Over/Under recovery amount for all approved energy efficiency programs. $OUEE_{Class}$ is used to reconcile the difference between the amount of revenues actually billed through the respective components and the revenues which have been approved to be recovered through the respective components. The $OUEE_{Class}$ will apply to the following components as follows:

1) For the $PCEE_{Class}$, Over/Under ($OUEE_{Class}$) amount will be the difference between the amount billed in a twelve-month period from the application of the $PCEE_{Class}$ charge and the actual cost of the approved programs during the same twelve-month period.

2) For the IEE_{Class}, Over/Under ($OUEE_{Class}$) amount will be the difference between the amount billed in a twelve-month period from the application of the IEE_{Class} charge and the earned incentive amount for the same twelve-month period.

3) For the $LNREE_{Class}$, Over/Under ($OUEE_{Class}$) amount will be the difference between the amount billed in a twelve-month period from the application of the $LNREE_{Class}$ charge and the $LNREE_{Class}$ amount based on verified savings actually incurred during the same twelve-month period. The verified savings will be reviewed by an independent third party evaluator.

4) The $OUEE_{Class}$ will also include any amounts from the approved Demand Programs from the prior periods (e.g. 2013-2015) not included in base rates, including, but not limited to, continuing revenue requirements and program costs from energy efficiency programs and continuing lost net revenues. These amounts

will cease to be recovered through this DPR beginning with the billing month when these amounts are included for recovery though base rates implemented as a result of OG&E's next general rate case. However, any amount included in $OUEE_{Class}$, but not yet collected through $OUEE_{Class}$, at the billing month of implementation of new base rates, will be recovered through this rider.

5) For the $OUEE_{Class}$, Over/Under ($OUEE_{Class}$) amount will be the difference between the amount billed in a twelve-month period from the application of the $OUEE_{Class}$ charge and the Over/Under amount established for the same twelve-month period.

CCA_{Class} = The Carrying Charge Amount is the most recent Commission approved cost of debt rate multiplied by the ending balance of the current month's Over/Under recovery.

$kWhEE_{Class}$ = Projected Oklahoma jurisdictional annual kWh for each Major Class net of the total annual energy (kWh) for all excluded customers.

INTEGRATED VOLT-VAR CONTROL ("IVVC") EXCEPTIONS:

- No incentives will be collected.
- Program cost recovery is capped at 7.5% of the Program Cost for all Demand Response programs (PCDR).
- Recovery of lost net revenue from the IVVC program shall be limited to 40% of verified savings. The limitation shall apply to the 2016—2018 Demand Portfolio only.
- The evaluation, measurement, and verification ("EM&V") process for the IVVC program will be performed using two methods, described below for the 2016 program year only. OG&E will submit the results of both evaluation methods to PUD Staff for review. If the evaluation results are substantially the same, the Stipulating Parties agree to adopt OG&E's evaluation method for 2017 and 2018.
  - For of one-half of the IVVC circuits installed for 2016, alternating operation for one week of each summer month (June to September).
  - For one-half the IVVC circuits installed for 2016, continuous operation of the IVVC circuits using the evaluation method proposed in the testimony of OG&E witnesses in Cause Number PUD 201500247.

CUMULATIVE SAVINGS: The energy and demand savings used in the Lost Net Revenue calculation will accumulate until base rates are implemented based on a Final Order in any subsequent general rate case. Once a change in base rates occurs, the Lost Net Revenue associated with the energy and demand savings will once again start accumulating.

Recovery of LNR from accumulated verified savings for energy and demand will be limited, by month, to no more than 48 months for the 2016 – 2018 Demand Program portfolio. In the event that a measure's life is less than 48 months, the lost net revenue recovery will be rolled off after the last month of that measure's life. Beginning with the 49th month, the first month of energy savings from the 2016 – 2018 demand program portfolio will roll-off of the calculation of cumulative energy savings.

ANNUAL RE-DETERMINATION: On or before July 1 of each year, re-determined DRP and EEP rates shall be submitted by the Company to the OCC PUD Staff. The re-determined DRP and EEP rates shall be calculated by application of the Rate Formulas set out in this DPR rider to recover the actual program costs, the actual lost net revenues, the actual incentives earned, and any actual over or under-recovery amounts. Each such revised DRP rate or EEP rate will be submitted to the Commission Staff and accompanied by a set of work papers sufficient to document the calculations of the revised rate. The new revised rates shall be implemented at the first billing cycle in October.

INTERIM ADJUSTMENT: Should a total balance of the Over/Under Recovery accounts exceed +/-10% of the DPR expected revenues during any implementation cycle, included in the most recently submitted rate(s) re-determination under this DPR rider, then either the Company or the OCC PUD Staff may propose an interim revision to the currently effective DRP and/or EEP rate(s).

Attachment 1

DPR Rates in $/kWh

Residential	**EEP**	$0.003273
	DRP	$0.000000
	Total DPR	$0.003273
Non-Residential	**EEP**	$0.002585
	DRP	$0.000000
	Total DPR	$0.002585