

**STANDARD PRICING SCHEDULE: FCA
RIDER FOR FUEL COST ADJUSTMENT**

STATE OF OKLAHOMA

EFFECTIVE IN: All territory served.

APPLICABILITY: This rider is applicable to and becomes a part of each Oklahoma retail rate schedule unless specifically excluded.

FUEL COST ADJUSTMENT: The monthly bill as calculated under the stated rates shall be increased for each kilowatt-hour (kWh) consumed by an amount computed in accordance with the following formula:

$$\text{Annual Service Level Fuel Cost} = \text{FC} + \text{TUA}$$

Where: FC = The service level annualized cost of fuel which reflects the applicable seasonal cost differences. The cost shall be the Oklahoma retail share of fuel including Air Quality Controls Systems (AQCS) consumables, Off-System Sales fuel costs, revenue credits and purchased power expense. Purchased power expense includes Southwest Power Pool (SPP) Integrated Marketplace (IM) activity. Revenue credits include Off-System Sales revenue and 80% of any Renewable Energy Certificates (REC) sales.

TUA = True-up adjustment for the prior cost period.

Where: FC = $(\text{VFC} \times \text{SLEAF}) + (\text{FFC} \times \text{SLPA}) + \text{OJC}$.

VFC = The variable costs of fuel, AQCS, SPP IM and purchased power including revenue credits. Variable fuel, AQCS and purchased power costs are recorded in accounts 501, 502, 547, 548, and 555. Revenue credits are recorded in accounts 447, and 456.

SLEAF = Service level energy allocation factor calculated by dividing the service level kWh sales adjusted for losses by the total system sales adjusted for losses (losses are calculated based on the latest loss study).

FFC = Fixed fuel costs including gas transportation, gas storage, and other coal and gas costs.

Rates Authorized by the Oklahoma Corporation Commission:

Public Utilities Division Stamp

| (Effective) | (Order No.) | (Cause/Docket No.) |
|-----------------|-------------|--------------------|
| October 1, 2022 | 728277 | PUD 202100164 |
| October 1, 2019 | 702531 | PUD 201800140 |
| July 1, 2019 | | O.S. §17-152 |
| July 1, 2018 | 679358 | PUD 201700496 |

APPROVED
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DIRECTOR
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SLPA = Service level production allocator from last approved cost of service study.

OJC = Oklahoma jurisdiction costs that are to be collected from only the Oklahoma customers. These costs also consist of free service, price response credits and certain wind purchased power costs. These costs are credited for appropriate SPP IM sales. These variable or fixed costs will be allocated to service levels using the SLEAF or the SLPA allocators (rebased to one hundred percent).

Then:

TUA = True-up adjustment is the sum of each service level monthly over-or-under collected amounts (MOU) for the prior cost period.

Where:

$$MOU = [MFC - (MFR - PTU)] + UA + CC$$

MFC = The monthly service level fuel cost (FC) as calculated above.

MFR = Monthly service level fuel revenue collected under the FCA.

PTU = The prior period true-up adjustment which is one twelfth of the TUA from the prior cost period.

UA = Service level specific fuel and energy portion of Uncollectible Accounts.

$$CC = (BB + EB)/2 * CCR * (Days in cost month/365)$$

Where:

CCR = The Carrying Charge Rate which is the current Oklahoma Corporation Commission approved interest rate for customer deposits held one year or less.

BB = Beginning monthly over/under recovery Balance for the current month energy cost period excluding carrying charges.

EB = Ending monthly over/under recovery Balance for the current month energy cost period excluding carrying charges.

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The prior cost period is the twelve months ended December of the year immediately preceding the filing year.

FCA_w = Winter per kWh fuel cost rate for all tariffs. (November through May)

$$FCA_w = \frac{FC_w}{S_w}$$

- Where: FC_w = The winter season portion of the Annual Service Level Fuel Cost .
S_w = The service level winter season Oklahoma retail kWh sales subject to the Fuel Cost Adjustment.

FCA_s = Summer per kWh fuel cost rate for standard tariffs. (June through October)

$$FCA_s = \frac{FC_s}{S_s}$$

- Where: FC_s = The summer season portion of the Annual Service Level Fuel Cost.
S_s = The service level summer season Oklahoma retail kWh sales subject to the Fuel Cost Adjustment for all rates.

FCA_{on} = Summer on-peak period fuel cost per kWh

- Where: FCA_{on} = The forecasted incremental cost adjusted for service level losses.

FCA_{off} = Summer off-peak period fuel cost per kWh

$$FCA_{off} = \frac{((FCA_s * (S_{on} + S_{off})) - (FCA_{on} * S_{on}))}{S_{off}}$$

- Where: FCA_s = Summer per kWh fuel cost rate for standard tariffs.
S_{on} = The service level summer on-peak period Oklahoma retail kWh sales subject to the Fuel Cost Adjustment.
S_{off} = The service level summer off-peak period Oklahoma retail kWh sales subject to the Fuel Cost Adjustment.

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INTERIM RATE ADJUSTMENT: The annual service level cost per kWh may be adjusted when the cumulative over-or-under collected balance for the rider applicable period is greater than \$50,000,000. This interim adjustment amount may include the monthly over-or-under collected amounts (differences between the fuel collected in tariffs and the actual fuel expense incurred) that have occurred in the rider applicable period. The interim adjustment will be based on the remaining months of the rider applicable period in which the interim FCA is to be applied. The Commission Staff and the parties of record in Cause No. PUD 202100164 shall be notified prior to any change and the Company shall provide the Commission Staff and the parties of record in Cause No. PUD 202100164 the information supporting such adjustments. In the event OG&E seeks to implement an interim adjustment to its fuel factor prior to December 31, 2022, such fuel adjustment clause over/under recovery shall be collected from or credited to customer classes over a period of 24 months.

Stipulating Parties shall be notified at least 15 days prior to the proposed implementation date of an interim adjustment to FCA charges, and the Company shall provide the PUD and Stipulating Parties the information supporting such proposed adjustment at the time notice of the proposed interim adjustment is provided. The Company will also facilitate a meeting with PUD and Stipulating Parties no later than 10 days prior to the proposed effective date of any interim adjustment to FCA charges to explain and answer questions regarding the Company's redetermined factors.

Day-Ahead Pricing and Flex Price: The Fuel Cost Adjustment factors will not apply to the Day-Ahead Pricing (DAP) and Flex Price (FP) customer kWh sales above Customer Baseline Loads. All DAP and FP kWh sales above Customer Baseline Load and associated fuel costs will be excluded from the Fuel Cost Adjustment calculations above.

Off System Sales Of Electricity: One hundred percent (100%) of the Oklahoma jurisdictional share of the net profit from sales will be included in the Fuel Cost Adjustment. The net earnings (or profits) derived from such sales will be the difference between the sales price of the electricity and ancillary services delivered and all costs associated with such sales of electricity and services excluding variable production operation and maintenance expenses.

Annual Redetermination: On or before September 15 of each year beginning in 2019, the Company will submit to the Commission Staff and all other parties of record in Cause No. PUD 202100164 the re-determined FCA factors for each service level to be effective the first billing cycle in January and information supporting such re-determined factors. The Company will also facilitate a meeting with the parties of record in Cause No. PUD 202100164 to explain and answer questions regarding the Company's re-determined factors.

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