

STANDARD PRICING SCHEDULE: GCRR
Generation Capacity Replacement Rider

STATE OF OKLAHOMA

EFFECTIVE IN: All territory served.

PURPOSE: The purpose of this rider is to recover the Oklahoma retail jurisdictional portion of the annual revenue requirement for the generation capacity replacement approved in Cause No. PUD 201800159.

APPLICABILITY: This rider is applicable to all Oklahoma retail rate classes and customers except those specifically exempted by special contract.

TERM: The GCRR will be implemented the later of either the first billing cycle of July 2019 or the first billing cycle of the month following the closing of the acquisition of the AES Shady Point facility. The GCRR will continue until such time that the generation capacity replacement approved for recovery through this rider is included in base rates or terminated by order of the Commission. If terminated by order of the Commission, the Generating Facilities shall be included in rate base after an OG&E general rate case proceeding.

GCRR FACTOR CALCULATION: The Company will calculate the GCRR factors using the following formula, on a per kilowatt-hour (kWh) basis, for each of the major rate classes and the combined minor rate classes and will be computed as follows:

$$GCRR Factor_{class} = \frac{(A + B) * C}{D}$$

Where:

A = Oklahoma Jurisdiction Generation Capacity Replacement Revenue Requirement

B = Annual True-Up

C = Production Demand Allocator for each class

D = Projected annual kWh for each class

And:

A) **Oklahoma Jurisdiction GCRR Annual Revenue Requirement:** The GCRR shall initially only recover the revenue requirement associated with the AES Shady Point facility, inclusive of a return of and on the capital investment calculated using the Company's most recently approved cost of capital, non-fuel operations and maintenance ("O&M") expenses, depreciation, and ad valorem taxes, and reduced for applicable state investment tax credits. If OG&E closes on the acquisition of the AES Shady Point facility before July 2019, OG&E shall be able to recover any costs related to the AES Shady Point facility during the time between closing and the effective date of the GCRR.

Rates Authorized by the Oklahoma Corporation Commission:

(Effective)	(Order No.)	(Cause/Docket No.)
October 1, 2019	702531	PUD 201800140
July 1, 2019	696007	PUD 201800159 (original)

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September 27, 2019
DIRECTOR
of
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Beginning on the date OG&E closes on the acquisition of the Oklahoma Cogeneration facility, the Company shall create a regulatory asset for costs of that facility, including a return of and on the capital investment associated with the Generating Facilities, non-fuel operations and maintenance (“O&M”) expenses, depreciation, and ad valorem taxes. The return on that regulatory asset shall be at the Company’s most recently approved cost of debt (as specified in Cause No. PUD 201700496) and shall be updated based on the final order in Cause No. PUD 201800140. On May 1, 2021, the Oklahoma Cogeneration regulatory asset shall terminate and the regulatory asset balance shall be included in the GCRR for amortization over a five year period and a revenue requirement associated with the Oklahoma Cogeneration facility inclusive of a return of and on the capital investment calculated using the Company’s most recently approved cost of capital, non-fuel operations and maintenance (“O&M”) expenses, depreciation, and ad valorem taxes and reduced for applicable state investment tax credits and shall be calculated for recovery in the GCRR using the Company’s most recently approved cost of capital.

If the GCRR terminates before the regulatory asset balance is fully amortized, the regulatory asset balance shall be recovered through base rates in OG&E’s next general rate case.

The capital investment amount to be included in the GCRR shall be limited to the purchase price of the Generating Facilities. No capital costs other than the costs associated with purchase of the generation facilities shall be included in the GCRR. In addition, the annual O&M costs associated with the Generating Facilities shall be capped at \$20 million.

B) Annual True-Up: The over or under amount will be the difference between actual revenue requirement and the Prior Period GCRR factor revenues net of the previous Prior Period True-Up.

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C) **Allocation Factor:** The most recently approved production demand allocation factor, adjusted to exclude jurisdictions not at issue.

Rate Class	Allocator Percentage*
Residential	47.6564%
General Service	8.5642%
Power and Light	24.3750%
Large Power and Light	16.0666%
Other	3.3378%

*Adjusted to exclude jurisdictions not at issue

D) **Projected kWh:** The applicable annual Oklahoma jurisdictional kWh for each GCRR class as determined by the Company.

RATE CLASSES:

Major Rate Classes = *Residential, General Service, Power and Light, and Large Power and Light*

Combined Minor Rate Classes (Other) = *Oil and Gas Producers + Public Schools (Small and Large) + Municipal Pumping + Municipal Lighting + Outdoor Security Lighting + LED Lighting*

ANNUAL RE-DETERMINATION: On or before February 15 of each year, re-calculated GCRR factors shall be submitted by the Company to the Public Utility Division and all stipulating parties for review and shall be implemented the first billing cycle of April.

FINAL REVIEW: The final over/under balance for the GCRR will be refunded or collected through the Rider for Fuel Cost Adjustment.

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