

ARKANSAS PUBLIC SERVICE COMMISSION

<u>Original</u>	Sheet No. <u>70.0</u>
Replacing _____	Sheet No. ____
<u>OKLAHOMA GAS AND ELECTRIC COMPANY</u>	
Name of Company	
Kind of Service: <u>Electric</u>	Class of Service: <u>All</u>
Part I. Rate Schedule No. <u>ECR</u>	
Title: <u>Energy Cost Recovery Rider</u>	

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1. RECOVERY OF ENERGY COST

Energy Cost Recovery Rider (“Rider ECR”) defines the procedure by which the “Energy Cost Rates” of Oklahoma Gas and Electric Company (“OG&E” or “Company”) shall be established and periodically re-determined. The Energy Cost Rates shall recover the Company’s net fuel and purchased energy cost, as defined in this Rider ECR.

2. ENERGY COST RATES

The Energy Cost Rates to be effective under this Rider ECR shall be determined in the manner prescribed by the Arkansas Public Service Commission (“APSC” or “Commission”) in its final order in Docket No. 16-052-U and shall become effective upon the date established by the Commission. The Energy Cost Rates shall then be re-determined annually through filings made in accordance with the provisions of Paragraph 3 of this Rider ECR. The Energy Cost Rates shall be applied to each customer’s monthly billing energy (kWh).

The ECR On-Peak (ECR_{on}) and the ECR Off-Peak (ECR_{off}) are applicable to the appropriate energy component in the R-TOU, R-VPP, GS-TOU, GS-VPP, PL-TOU, and LED-1 tariffs. The ECR Standard (ECR_s) is applicable to the energy of all remaining tariffs.

3. ANNUAL REDETERMINATION

On or before March 15 of each year, the Company shall file re-determined Energy Cost Rates, Standard and TOU, for each service level with the Commission. The re-determined Energy Cost Rates for each service level shall be determined by application of the Energy Cost Rate Formula set out in Attachment A of this Rider ECR. Each such revised service level Energy Cost Rates shall be filed in the proper underlying docket and shall be accompanied by a set of work papers sufficient to fully document the calculations of the five service level revised Energy Cost Rates.

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<u>Original</u>	Sheet No. <u>70.1</u>
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The re-determined Energy Cost Rates shall reflect the projected Energy Cost for the 12-month period commencing on April 1 of each year (“Projected Energy Cost Period”) together with each service level true-up adjustment reflecting the over-recovery or under-recovery of the Energy Cost for the 12-month period ended December 31 of the prior calendar year (“Historical Energy Cost Period”). The Energy Cost Rates so determined shall be effective for bills rendered on and after the first billing cycle of April of the filing year and shall remain in effect for twelve (12) months, except as otherwise provided for below.

The annual ECR filing shall include a report of the following:

1. provide a narrative discussion of the reasons for the overall change in the ECR Rider factors from the prior year;
2. provide a cumulative presentation of fuel and purchased energy costs by FERC account and month for the historical year;
3. identify and explain changes of 10% or more from the prior year for major cost components of the ECR Rider, including fuel expense, purchased energy expense, etc.;
4. identify changes in accounting procedures affecting fuel and purchased power costs, such as changes in FERC account number classifications and changes in costing methodologies;
5. identify changes in fuel and purchased power procurement practices;
6. identify the monthly level of coal inventory in days and tons for the historical year;

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<u>Original</u>	Sheet No. <u>70.2</u>
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7. identify the average price per unit for each fuel type and purchased power for the historical year;
8. identify and discuss changes in environmental regulations affecting fuel and purchased energy costs and explain the Company’s plans for compliance;
9. identify plant outages for the historical year and explain the cause(s) of the outages;
10. compare the prior year projections for on-peak and off-peak ECR Rider factors to actual prices and provide the calculation and supporting documentation to verify the development of the price differential between the on-peak and off-peak factors for the upcoming year.
11. identify penalty charges received in the SPP IM, if any, for the historical year and explain the reasons for incurring such penalties;
12. identify and explain changes in the SPP IM or the application of the SPP tariff that affect fuel and fuel-related costs and revenues recovered in the ECR Rider; and
13. explain OG&E’s process for evaluating the accuracy of the underlying costs from the SPP IM.

4. ADJUSTMENTS

If prior to the annual redetermination of the Energy Cost Rates APSC General Staff (“Staff”) or the Company becomes aware of an event that is reasonably expected to occur and/or has occurred which will materially impact the Company’s Energy Cost, either the Staff or the Company may propose an adjustment to the Energy Cost Rate Formula set out in Attachment A of this Rider ECR. Furthermore, should a cumulative over-recovery or under-recovery balance for all service levels arise during any Rider Cycle which exceeds ten percent (10%) of the Projected Energy Cost for the Projected Energy Cost Period, then either the Staff or the Company may propose an interim revision to the then currently effective Energy Cost Rates.

<u>Original</u>	Sheet No. <u>70.3</u>
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ATTACHMENT A

ENERGY COST RATE FORMULA

ECR_s = Standard Energy Cost Rate

$$ECR_s = \frac{TUA + PEC * EAF}{PES}$$

WHERE,

TUA = True-Up Adjustment for the Historical Energy Cost Period Including Carrying Charges (1)

$$TUA = \sum_{j=1}^{12} ((EC_j * EAF_j) - (RR_j + REC_j - PTU_j)) + CC_j$$

EC_j = Energy Cost for Month j of the Historical Energy Cost Period

$$EC_j = FE_j + PE_j - SO2_j$$

FE_j = Fuel Expense Charged to Accounts 501 and 547 in Month j of the Historical Energy Cost Period (5)

PE_j = Purchased Energy Expense for the Historical Energy Cost Period Charged to Account 555 and Associated Transmission Services in Account 565, Less: Cogeneration Expense, SPP IM Sales (6)

<u>Original</u>	Sheet No. <u>70.4</u>
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SPP IM = Southwest Power Pool Integrated Market

SO_{2j} = Revenues Associated with the Sale of SO₂ Emissions Allowances Recorded in Account 411.8

EAF_j = Energy Cost Allocation Factor for Month j of the Historical Energy Cost Period

RR_j = Revenue under Rider ECR for Month j of the Historical Energy Cost Period

REC_j = Revenues from the Sale of Renewable Energy Credits Assigned to the Arkansas Jurisdiction for Month j of the Historical Energy Cost Period

PTU_j = Prior Period True-Up Adjustment Applicable for Month j of the Historical Energy Cost Period

CC_j = Carrying Charges for Month j of the Historical Energy Cost Period

CC_j = (BB_j + EB_j)/2 * CCR * Days j /365

BB_j = Beginning Over/Under-Recovery Balance Excluding Carrying Charges for Month j of the Historical Energy Cost Period

EB_j = Ending Over/Under-Recovery Balance Excluding Carrying Charges for Month j of the Historical Energy Cost Period

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CCR = Carrying Charge Rate (3)

DAYS_j = Number of Days in Month j of the Historical Energy Costs Period

PEC = Estimated Energy Cost for the Projected Energy Cost Period (4)

$$PEC = \sum_{j=1}^{12} EC_j$$

EAF = Energy Cost Allocation Factor with Losses Most Recently Approved by the APSC for Application of this Rider ECR (2)

PES = Projected Sales (kWh) subject to this rider ECR for the Projected Energy Cost (5)

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TIME OF USE ENERGY COST RATE FORMULA

ECR_{on} = On-Peak Energy Cost Rate

ECR_{on} = Projected Incremental On Peak Period Fuel Cost Per kWh

ECR_{off} = Off-Peak Energy Cost Rate

$$ECR_{off} = \frac{ECR_s * (PES_{on} + PES_{off}) - (ECR_{on} * PES_{on})}{PES_{off}}$$

PES_{on} = Total Projected Sales for the On-Peak Period (kWh)

PES_{off} = Total Projected Sales for the Off-Peak Period (kWh)

NOTES:

- (1) The Historical Energy Cost Period is the calendar year immediately preceding the filing year.
- (2) The value of EAF which will be used to calculate the Estimated Energy Costs shall be based on the ratio of Arkansas projected sales adjusted for losses to system projected sales adjusted for losses. For true-up purposes, the EAF which will be used to calculate the actual energy cost applicable to Arkansas retail customers will be based on the ratio of Arkansas actual billing determinants adjusted for losses to system actual sales adjusted for losses.
- (3) The Carrying Charge Rate shall be the Commission-approved rate of interest on customer deposits.

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- (4) Should there be unusual circumstances associated with any Projected Energy Cost Period either the Company or the Staff may propose use of a Projected Energy Cost (PEC variable) different from that defined by this formula.
- (5) The fuel cost associated with the DAP and FLEX incremental kWh will be deducted from fuel cost and the fuel cost associated with DAP and FLEX decremental kWh will be added to fuel cost. The incremental DAP and FLEX kWh will be removed from PES and the decremental DAP and FLEX kWh will be added to PES.
- (6) The recovery of purchased energy costs associated with long-term energy resources must be approved by the Commission prior to recovery through the ECR Rider.