

STANDARD PRICING SCHEDULE: WES
WINTER EVENT SECURITIZATION (“WES”) MECHANISM

STATE OF OKLAHOMA

EFFECTIVE IN: All territory served.

APPLICABILITY: This WES mechanism is applicable to and becomes a part of each Oklahoma retail rate schedule and shall be applicable to the energy (kWh) usage for service level (“SL”) 3, 4, and 5 customers and to blocks of energy (defined below in the STANDARD FACTOR DETERMINATION section) for SL 1 and 2 customers of each respective Oklahoma retail rate schedule. For service locations that received SL 1 or SL 2 service during the Weather Event, the WES mechanism shall continue to be applied to these service locations at those respective SL WES rates.

This WES mechanism is irrevocable and non-by-passable.

PURPOSE: To recover from customers the amounts necessary to service, repay, and administer customer backed bonds associated with the February 2021 Winter Event (“Winter Event”) issued by the Oklahoma Development Finance Authority pursuant to the February 2021 Regulated Utility Consumer Protection Act.

TERM: The WES mechanism shall become effective after the closing of the customer backed bonds and shall remain in effect until the complete repayment and retirement of the customer backed bonds, or refunding bonds, associated with the Winter Event. The WES mechanism will terminate once the complete repayment and retirement of any customer backed bonds, or refunding bonds, associated with the Winter Event occurs.

ALLOCATION: Costs associated with repaying the securitization bonds shall be allocated to customer SL classes based on the daily allocation of Winter Event cost and is shown in the table below. The Allocation Percentages below are based on the actual daily kWh usage for each retail SL class for the period of February 7, 2021 to February 21, 2021. For OG&E’s Flex Pricing (“FP”) and Day Ahead Pricing (“DAP”) customers, the customer baseline (“CBL”) kWh amounts are utilized for calculating the allocation percentages.

Service Level	Energy Allocation Percentage
1	2.01%
2	9.06%
3	4.07%
4	1.18%
5	83.68%

STANDARD FACTOR DETERMINATION: WES rates will be computed and submitted to the Public Utility Division of the Oklahoma Corporation Commission (“PUD”) and all other parties of record in Oklahoma Corporation Commission (OCC) Cause No. PUD 202100072 on a

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DIRECTOR
of

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semi-annual basis. In each semi-annual submission the Company will provide to PUD and the parties of record the redetermined WES rate, for each SL class, and information and workpapers supporting such re-determined factors. The initial WES rates will be submitted on the day following the pricing of the bonds and shall become effective the first billing cycle following the closing of the bonds. All succeeding factor redetermination submissions and effective dates will be semi-annual (every six months). WES rates will be submitted at least 30 days’ prior to the proposed effective date. The Public Utility Division shall endeavor to complete its review, which shall be limited to a review for mathematical corrections or manifest error, within 30 days and make any necessary corrections within such time in order to allow the WES charge to go into effect.

A WES rate will be calculated for each SL class for the next two six-month recovery periods. The WES rate to be implemented for each SL class shall be the higher of these two calculations.

CLASS REVENUE REQUIREMENT:

$$WES\ Revenue\ Requirement_{SL\ class} = (A * B_{SL\ class}) + C_{SL\ class}$$

Where:

A = Oklahoma Jurisdictional Winter Event revenue requirement (i.e., debt service and ongoing costs) for the applicable six-month recovery period;

B = SL class Energy Allocator

C = SL class true-up balance and SL class uncollectible balance

TRANSMISSION (SL 1) and DISTRIBUTION SUBSTATION (SL 2) BILLING: The WES mechanism shall be applied to service locations based on the Service Level under which the service location took service during the Weather Event. Each service location shall be billed a monthly fixed charge for the mechanism. The monthly fixed charge shall be calculated as:

$$MBR_i \times \text{Number of Blocks}$$

Where

MBR_i = Monthly Block Rate for SL class

$$= \frac{WES\ Revenue\ Requirement_{SL\ class}}{Blocks_{SL\ class}}$$

The Number of Blocks each service location shall be billed is calculated as:

$$\frac{\text{Event kWh}}{100,000\ \text{kWh per Block}}$$

Where

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Winter Event period kWh usage shall be CBL kWh for DAP and Flex Pricing customers and actual kWh usage for all other SL 1 and 2 customers.

Service locations whose Event kWh is less than 100,000 kWh, including customers who had no usage or zero Event kWh usage, and including any service locations new to OG&E after the Event, shall be deemed to have one (1) block for WES billing purposes.

DISTRIBUTION (SL 3, 4, 5) BILLING: The billing factors for the SL 3, 4, and 5 customer classes shall be computed as follows:

$$WES\ Rate_{SL\ Class} = \frac{WES\ Revenue\ Requirement_{SL\ Class}}{SL\ Class\ kWh}$$

Where, *SL Class kWh* are the projected sales for the applicable 6-month recovery period.

For customers who take service under the Company’s Net Energy Billing Option (NEBO) and Qualified Facilities (“QF”) schedules, the WES shall apply to the gross kWh of energy the Company delivers to the customers. For the DAP and FP customers, the WES rate will be calculated using the customer’s kWh energy specified in the CBL or Seasonal CBL defined in the DAP or FP tariffs. All DAP and FP kWh sales above or below the CBL will be excluded from the WES calculation. For all other rate schedules, the WES rate shall apply to the total billed kWh.

CLASS REVENUE REQUIREMENT:

The Revenue Requirement for the WES mechanism shall include the bond payment, associated financing fees (i.e., debt service and ongoing costs), the prior period over/under collected balance by class, and any uncollectible balances by class. The class over/under balances and class uncollectible balances are not exempt from reallocation to other classes as part of the reallocation treatment provided in the NON-STANDARD FACTOR DETERMINATION.

NON-STANDARD FACTOR DETERMINATION: A non-standard factor determination is triggered when any SL class whose projected energy sales (SLs 3, 4, or 5) or blocks (SLs 1 or 2) will be 10% lower than the SL class’ projected energy sales or blocks of the same six-month period underlying the most recent Standard Factor Determination (a “Trigger Event”). If a Trigger Event occurs, then any SL class for which there is a forecasted decline in energy sales or blocks for the next period is referred to as an “affected SL class”. The non-standard factor determination of the WES rates shall be computed as follows.

1. For each affected SL class, the Company will calculate (a) a new WES rate using the higher kWh sales or blocks from the most recent Standard Factor Determination and (b) a new WES rate using the new lower forecasted sales or blocks.
2. Calculate the price difference between (a) and (b) in step 1.

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3. Multiply the price differences from step 2 by the projected energy sales or blocks for the six-month recovery period for each affected SL class to determine reduced revenues and sum these amounts.
4. Allocate the sums from step 3 to all SL classes using the WES allocators.
5. For each SL class which is not an affected SL class, calculate its WES rate using the Standard Factor Determination calculation, but increasing the SL class revenue requirement by the amounts calculated in step 4.
6. For each affected SL class, divide the amount in step 4 allocated to the affected SL class by the applicable projected energy sales or blocks.
7. For each affected SL class add step 6 to step 1(a) to determine the WES rate for the affected SL class.

TRUE UP: The WES mechanism will true up and reconcile semiannually. OG&E shall periodically receive accounting information (i.e., debt service and other ongoing financing costs) from Oklahoma Development Finance Authority and utilize that updated accounting information to true-up and reconcile its semiannual adjustment of the factors. Any uncollectible WES Mechanism amounts incurred shall be recorded for each SL class and included for recovery in that SL class true-up calculation for the next factor redetermination.

INTERIM TRUE-UP: The Company shall have the authority to submit interim factors outside of the standard semi-annual timeframe if, at any time, the Company projects an under-recovery of WES cost that would result in a draw on the Debt Service Reserve subaccount. The Company shall submit these re-determined interim billing factors and WES rate to the PUD and parties of record in OCC Cause No. PUD 202100072 by the 15th of the month to be implemented the first billing cycle of the month following submission

PRICE: The WES rate for each SL shall be applied as shown in the table below.

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