

Thompson & Associates

Report 2 of Investigation

of Electric Utility Operating Characteristics Relevant to a Restructured
Market in Oklahoma

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September, 2020

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Thompson and Associates
Investigation of Electric Utility Operating Characteristics
Relevant to a Restructured Market in Oklahoma
Report 2

Introduction

In January, 2020, Thompson and Associates received a request from the Alliance for Electric Restructuring in Oklahoma (AERO) to perform certain research activities related to the development of a market for retail sales of electricity in Oklahoma. In the context of this endeavor it was determined that the work would proceed in three phases with a report on each phase. It was agreed that the reports would address the topics described below. It was further stipulated that any proposal for competitive services advanced by AERO would: (a) focus on the two large investor owned utilities, Public Service Company of Oklahoma (“PSO”) and Oklahoma Gas and Electric Company (“OG&E”); (b) that participation by other electric suppliers would be voluntary and would be based on rules and conventions developed by the Oklahoma Corporation Commission; and (c) that the market defined would not include residential customers. It should be noted that having a market not including Residential Consumers is somewhat unusual as most of the states having competitive electricity markets include residential consumers in the market. The research performed has focused on PSO and OGE’s non-residential customer classes. Outdoor lighting and unmetered services were also excluded from our analyses.

Background - Report One

Report One was completed in April 2020 and served to document the following activities:

- a) Defining the market proposed for competitive services. This amounted to defining the customers who would have access to competitive sources of electric power supply. The identification of such customers could have been by size, rate class, or other identifiable attributes. The market recommended consisted of all retail electric sales except those on Residential and Outdoor Lighting Rates.
- b) Quantifying the estimated electric load, in terms of peak condition megawatts and annual megawatt-hour usage for each rate code, usage threshold, or other identifying attribute, for consumers proposed for inclusion in the competitive market. Tables containing this information were published as part of the first report.
- c) Evaluation of the current Southwest Power Pool markets for energy supply and transmission services. The intent of this evaluation is to determine the extent to which the evolution of these markets may have reduced or eliminated the prospect for significant levels of stranded costs. Such costs may be associated with the development of a competitive marketplace but are likely to be impacted by the evolution in the Southwest Power Pool Markets. It was concluded that further analysis of this issue was required.

Background - Report Two

This Report Two was to address the following topics.

1. Evaluation of consumer savings, and by inference, market opportunities which may be available in a competitive marketplace.
2. Evaluation of the impact of market restructuring on other services provided by the utilities. This will involve review of the retail rate filings tendered by the

subject companies and analysis of the impact electric restructuring is likely to have on the rates of such customers.

Background - Report Three

Report Three will focus on evaluating Stranded Costs for OG&E and PSO. This will rely upon an understanding of the Southwest Power Pool power supply and transmission services markets developed in Report One and upon research into detailed costing information from published sources of pertinent information, such as rate case testimony and exhibits, the Annual Reports to the Federal Energy Regulatory Commission, operation of the Southwest Power Pool markets and potentially other sources of information.

Executive Summary

Consumer benefits from a Competitive Electric Market

Non-domestic consumers are primarily engaged in business or community activities of one kind or another. The consumers whom we have recommended for inclusion in the competitive market included restaurants, grocery stores, barber shops, churches, schools, refineries, universities, manufacturing plants, airlines, and almost any other business or establishment that can be imagined. The principal benefit that will induce eligible customers into buying their electricity supply from an independent seller is to save money. While this is the most likely motivation to purchase from the competitive market it is not the only reason. Other reasons might include the ability to purchase electricity at a price known in advance or the ability to combine electric loads at separate locations for pricing, as well as others.

Our analysis indicates that savings are possible for the vast majority of eligible customers. Table 1 shows the potential for savings by OG&E's eligible customer classes. As Table 1 shows, customers in most of OG&E's rate classes have the potential to save money because of electric competition. Table 2 shows similar information for PSO's customers. The percentage savings shown on Tables 1 and 2 are the result of estimating the cost to acquire necessary services from the Southwest Power Pool and other markets and deducting that from a measure of the costs of such service from the utilities (PSO and OG&E). In addition, the estimated net costs to the utilities associated with revenue reductions due to competition have been deducted from the savings which would have otherwise been available in the form of a transition charge so that the utilities and their customers who do not purchase competitive electricity remain revenue neutral through the process. We have estimated the initial OG&E transition costs to range from about \$.004 per kWh for the low case estimates to about \$.01 per kWh for the high case estimates. Our estimate of PSO transition costs range from about \$.0003 per kWh for the low case estimates to about \$.003 per kWh for the high case estimates.

A review of Tables 1 and 2 will reveal significant differences in the level of savings estimates. A variety of factors contribute to these differences, including the utilities'

generation portfolios, fuel mix, customer class mix, rate structures and design and other factors. Tables 1 and 2 indicate that significant savings are possible for most of the utilities' eligible customers.

Appendix 1 describes each of the OG&E rate tariffs, including an estimate of the number of customers served on that rate and the average annual kWh used per customer. Appendix 2 has similar information for PSO. Many of the rate classes shown contemplate service at more than one voltage or service level with different pricing for each service level. The savings estimates and the transition cost estimates are a composite of the various service levels for each rate class and are the consequence of several analyses specific to each of the utilities. These are described in the following section titled "Methodology".

Table 1

Annual Savings in \$/mWh including Transition Costs - OG&E System

| Class | Annual mWh Sold | No of Customers | kWh/Cust | Est Savings/MWH | | Approx % Savings | |
|--------------------------|--------------------|--------------------|------------|-----------------|------------------|------------------|------------------|
| | | | | Low Estimate | High Estimate | Low Estimate | High Estimate |
| Large Power & Light TOU | 6,477,294 | 120 | 53,977,450 | \$ (2.11) | \$ (1.81) | -5% | -4% |
| Power & Light | 3,898,476 | 18,486 | 210,893 | \$ 4.79 | \$ 7.24 | 7% | 10% |
| Power & Light TOU | 3,240,541 | 3,085 | 1,050,447 | \$ (1.69) | \$ (0.48) | -3% | -1% |
| General Service | 1,217,340 | 77,464 | 15,715 | \$ 6.01 | \$ 13.49 | 5% | 12% |
| OIL & Gas | 359,191 | 4,521 | 79,442 | \$ 1.70 | \$ 2.16 | 4% | 4% |
| Public Schools Large TOU | 139,833 | 253 | 552,701 | \$ 2.31 | \$ 5.66 | 3% | 8% |
| General Service VPP | 137,285 | 4,581 | 29,966 | \$ 3.03 | \$ 9.17 | 3% | 10% |
| Municipal Pumping | 132,527 | 1,352 | 97,999 | \$ 0.42 | \$ 0.79 | 1% | 1% |
| Public Schools Small VPP | 120,116 | 1,217 | 98,692 | \$ 3.24 | \$ 7.93 | 4% | 10% |
| General Service TOU | 118,690 | 3,711 | 31,988 | \$ (1.09) | \$ 2.96 | -1% | 3% |
| Public Schools Small TOU | 69,151 | 541 | 127,742 | \$ (0.17) | \$ 4.52 | 0% | 5% |
| Public Schools Large | 46,123 | 96 | 480,446 | \$ 3.61 | \$ 6.72 | 4% | 8% |
| Public Schools Small | 33,978 | 657 | 51,716 | \$ 2.76 | \$ 8.08 | 3% | 8% |
| OIL & Gas TOU | 24,076 | 214 | 112,503 | \$ (0.09) | \$ 0.95 | 0% | 1% |
| OIL & Gas VPP | 8,202 | 112 | 73,231 | \$ (0.34) | \$ 0.29 | -1% | 0% |
| Municipal Pumping TOU | 943 | 7 | 134,780 | \$ (3.80) | \$ (3.37) | -6% | -5% |

| Class | Annual mWh Sold | No of Customers | kWh per Customer | Est Savings | | Approx % Savings | |
|--|--------------------|--------------------|---------------------|-----------------|------------------|------------------|------------------|
| | | | | Low Estimate | High Estimate | Low Estimate | High Estimate |
| Large Power and Light General Service | 6,280,383 | 523 | 12,008,380 | \$ (2.86) | \$ (2.06) | -9% | -6% |
| Power and Light | 2,357,457 | 8312 | 283,621 | \$ 8.14 | \$ 9.06 | 12% | 13% |
| Low Use General Service | 1,356,308 | 1,494 | 907,837 | \$ 9.94 | \$ 10.06 | 17% | 18% |
| General Service Public Schools | 1,015,899 | 59,380 | 17,108 | \$ 6.19 | \$ 7.16 | 8% | 9% |
| General Service TOU | 253,054 | 717 | 352,935 | \$ 6.79 | \$ 7.12 | 10% | 10% |
| Low Use General Service Public Schools | 51,793 | 169 | 306,469 | \$ 4.81 | \$ 5.58 | 7% | 9% |
| Primary Non Demand | 32,829 | 1,412 | 23,250 | \$ 3.08 | \$ 3.73 | 5% | 6% |
| Low Use General Service TOU | 20,358 | 39 | 522,002 | \$ (5.58) | \$ (5.34) | -9% | -9% |
| Municipal Pumping | 13,729 | 285 | 48,171 | \$ 7.60 | \$ 8.54 | 15% | 17% |
| | 10,958 | 63 | 173,934 | \$ 3.90 | \$ 4.78 | 8% | 9% |

Impact on non-participating monopoly customers.

Because we are proposing that the net economic impact due to the availability of a competitive market be transferred to those customers who choose to participate in the competitive markets in the form of a transition charge, we believe there will be no net economic impact on either the utilities or their non-participating monopoly customers. A description of the development of the transition charge estimates is contained in the section titled "Methodology".

Methodology

Estimated Consumer Savings:

Several analyses were conducted in order to estimate the consumer savings possible in a deregulated market. The first group of analyses was directed at estimation of the “Price to Compare” for each principal class of service. The “Price to Compare” represent amounts consumers will have removed from their utility bills in return for the utility not being required to supply certain services to customers who purchase their electricity supply from a competitive supplier.

The analyses required to estimate the “Price to Compare” included the following:

- A1) A review of the cost and operating statistics for each of the utilities’ power plants contained in the 2019 FERC Form 1 reports filed by the utilities with the Federal Energy Regulatory Commission (“FERC”).
- A2) Analysis of production investment and expenses contained in the Cost of Service Studies (“COSS”) filed in their most recent general rate case by each of the utilities at the Oklahoma Corporation Commission.
- A3) Identification of unit costs for production demand and energy functions for each rate class filed in the COSS filed in the most recent general rate case filed by each of the utilities at the OCC.
- A4) Development of performance threshold estimates related to the primary purpose of each power station based on the power plant statistical review identified as item A1) above.
- A5) Application of cost ratios found in analysis (A4) above to production function unit costs.
- A6) Development of composite Fuel Cost Adjustment (“FCA”) unit values associated with each rate and voltage class.

- A7) Conversion of the Southwest Power Pool Cost Tracker (“SPPCT”) rider values, along with any Southwest Power Pool (“SPP”) transmission costs in base rates, into a consolidated value per kWh for each rate class.
- A8) The development of the “Price to Compare” composed of the sum of unitized non-fuel production costs, the composite FAC factor and the composite SPP transmission costs per kWh.

The “Price to Compare” estimates appear on Table 3 for OG&E customers and on Table 4 for PSO Customers.

| Table 3 | | | | | |
|--|-----------|-----------|------------|--------------|--------------|
| Estimated OG&E "Price to Compare" Values | | | | | |
| By Customer Class | | | | | |
| | Price to | Price to | Price to | Value | Value |
| Rate | Compare | Compare | Compare | (\$ X 1,000) | (\$ X 1,000) |
| Class | \$/kWh | \$/kWh | Difference | | |
| | Low Case | High Case | \$/kWh | Low Case | High Case |
| Large Power and Light TOU | \$ 0.027 | \$ 0.033 | \$ 0.006 | \$ 169,448 | \$ 204,438 |
| Power and Light | \$ 0.030 | \$ 0.044 | \$ 0.013 | \$ 118,237 | \$ 170,233 |
| Power and Light TOU | \$ 0.035 | \$ 0.038 | \$ 0.002 | \$ 114,132 | \$ 121,615 |
| General Service | \$ 0.042 | \$ 0.056 | \$ 0.013 | \$ 51,723 | \$ 68,115 |
| Oil & Gas | \$ 0.030 | \$ 0.036 | \$ 0.006 | \$ 10,939 | \$ 12,926 |
| Public Schools Large TOU | \$ 0.037 | \$ 0.046 | \$ 0.009 | \$ 5,131 | \$ 6,437 |
| General Service VPP | \$ 0.040 | \$ 0.046 | \$ 0.005 | \$ 5,516 | \$ 6,267 |
| Municipal Pumping | \$ 0.032 | \$ 0.037 | \$ 0.006 | \$ 4,209 | \$ 4,953 |
| Public Schools Small VPP | \$ 0.038 | \$ 0.049 | \$ 0.011 | \$ 4,570 | \$ 5,853 |
| General Service TOU | \$ 0.038 | \$ 0.046 | \$ 0.008 | \$ 4,521 | \$ 5,472 |
| Public Schools Small TOU | \$ 0.049 | \$ 0.049 | \$ 0.001 | \$ 3,361 | \$ 3,403 |
| Public Schools Large | \$ 0.036 | \$ 0.045 | \$ 0.009 | \$ 1,678 | \$ 2,098 |
| Public Schools Small | \$ 0.040 | \$ 0.051 | \$ 0.011 | \$ 1,343 | \$ 1,727 |
| Oil & Gas TOU | \$ 0.030 | \$ 0.035 | \$ 0.005 | \$ 713 | \$ 833 |
| Oil & Gas VPP | \$ 0.029 | \$ 0.034 | \$ 0.005 | \$ 237 | \$ 281 |
| Municipal Pumping TOU | \$ 0.033 | \$ 0.040 | \$ 0.006 | \$ 31 | \$ 38 |
| | | | | | |
| Averages/Totals | \$ 0.0354 | \$ 0.0428 | \$ 0.0073 | \$ 495,790 | \$ 614,690 |

| Table 4 | | | | | |
|---|----------|-----------|------------|-------------------|-------------------|
| Estimated PSO "Price to Compare" Values | | | | | |
| By Customer Class | | | | | |
| | Price to | Price to | Price to | Value | Value |
| Rate | Compare | Compare | Compare | (\$ X 1,000) | (\$ X 1,000) |
| Class | \$/kWh | \$/kWh | Difference | | |
| | Low Case | High Case | \$/kWh | Low Case | High Case |
| Large Power and Light | \$ 0.022 | \$ 0.024 | \$ 0.001 | \$ 140,906 | \$ 148,466 |
| General Service | \$ 0.040 | \$ 0.044 | \$ 0.004 | \$ 94,512 | \$ 103,798 |
| Power and Light | \$ 0.037 | \$ 0.040 | \$ 0.003 | \$ 50,138 | \$ 54,076 |
| Low Use General Service | \$ 0.041 | \$ 0.045 | \$ 0.004 | \$ 42,025 | \$ 45,880 |
| General Service Public Schools | \$ 0.041 | \$ 0.045 | \$ 0.004 | \$ 10,423 | \$ 11,431 |
| General Service TOU | \$ 0.039 | \$ 0.042 | \$ 0.003 | \$ 2,009 | \$ 2,182 |
| Low Use General Service Public Schools | \$ 0.042 | \$ 0.046 | \$ 0.004 | \$ 1,384 | \$ 1,505 |
| Primary Non Demand | \$ 0.032 | \$ 0.034 | \$ 0.003 | \$ 644 | \$ 701 |
| Low Use General Service TOU | \$ 0.041 | \$ 0.045 | \$ 0.004 | \$ 558 | \$ 612 |
| Municipal Pumping | \$ 0.036 | \$ 0.039 | \$ 0.002 | \$ 399 | \$ 422 |
| | | | | | |
| Averages/Totals | \$ 0.037 | \$ 0.040 | \$ 0.003 | <u>\$ 342,997</u> | <u>\$ 369,074</u> |

The “Price to Compare” values as described above define to a great extent the price which competitive suppliers must meet in order to secure business and are a key factor in estimating customer savings. It is likely that the use of a “Price to Compare” will be a temporary mechanism which will need to be replaced by full rate unbundling or some other mechanism. This eventuality will be determined by the Oklahoma Corporation Commission.

Transition costs are primarily the result of the “Price to Compare” values. Transition costs were developed in the following manner:

- B1) Deducting the costs for the Fuel and Purchased Power associated with the FCA and the composite class costs for SPP Transmission services from the “Price to Compare” values for each rate class. This was done because these are basically “pass through expenses” which should be controllable over a relatively short period of time and which generate little or no return for the utilities.
- B2) Obtaining average prices for an annual period for on peak periods in the SPP Day Ahead market at the South Hub pricing points.
- B3) Determining which of the utilities’ generation units were efficient enough to sell into the Day Ahead and Real Time Balancing market at SPP South hub prices.
- B4) Estimating the margins that could be produced by such sales, presuming that such sales could not exceed kWh sales lost to competition.
- B5) Combining the cost subtotal developed in item B1) above with the margins estimated in B4) above, resulting in net transition costs. Transition costs were then unitized by dividing the net revenue reduction by kWh sales lost.

Our estimate of the initial OG&E transition costs ranges from about \$.004 per kWh for the low case estimates to about \$.01 per kWh for the high case estimates. Our estimate of PSO transition costs ranges from about \$.0003 per kWh for the low case estimates to about \$.003 per kWh for the high case estimates.

Customer savings are a function of the “Price to Compare” values and the price of competitive electricity supplies. Competitive suppliers must supply energy, generation capacity, ancillary services, and transmission services on behalf of their customers, as well as recovering their administrative expenses and their profit margin. Energy costs and transmission services are provided by Southwest Power Pool markets and can be estimated based on those markets. The Southwest Power Pool, however, does not operate a generation capacity market and capacity must be supplied either through self-generation or through bilateral or informal pooling agreements. The analysis to estimate the market costs of competitive electricity supplies was conducted as follows.

Potential unit cost savings for each rate class were developed by deducting the sum of the “Price to Compare” value and the transition charge from the estimated costs for production capacity, energy, and transmission services for each rate class. The estimated savings are shown on Table 1 for OG&E Customers and Table 2 for PSO Customers. The costs for ancillary services were not included in this analysis because they are believed to be insignificant. The savings depicted should be viewed as “Possible” savings as they represent only approximate market costs for required commodities and do not include any explicit recognition of administrative costs or profit expectations on behalf of a marketer. We believe that these savings estimates are based on the likely minimum cost to provide service.

Tables 1 and 2 represent optimal estimates of customer savings, consistent with the high and low case “Price to Compare” values, transition costs, and the market costs for competitive supply of electricity. The columns on the Tables 1 and 2 referring to Approximate Percent of Revenue compare the estimated savings values to the approximate average cost of electricity for each rate schedule shown.

Impact on Monopoly Customers:

A common concern whenever a monopoly electric market is restructured is that of how the price of other services will be impacted. Because significant revenue reductions can

occur for the utility concerned it is important to understand the impact upon the remaining services which occur because of implementing a competitive market.

Certain of the Utility's revenue reductions associated with implementing a competitive market can be offset by expense reductions by the utility involved. Fuel expenses and purchased power expenses are examples of items which the utility can control, if not immediately, then over a reasonably short period of time.

In addition to the ability to conform certain expenses to the level of the remaining energy sales, the reduction in energy sales due to competition may enable the utility to partially mitigate the impact of lost sales revenues by increased sales into other markets or alternatively, by a reduction in purchases from other markets. Our analysis of this issue was discussed previously in the context of the Transition Charge development.

It is possible that either or both utilities might elect to become competitive electric suppliers and participate in the market. If they choose to do so they will likely be required to divest themselves of their generation assets or place their ownership under an unregulated affiliate. Analyzing the likelihood and specifics of this contingency is beyond the scope of this analysis and we have done no specific analysis of this possibility.

Reductions to Fuel and Purchased Power expenses as well as estimated expense mitigation from increased off system sales were recognized in developing the impacts estimated on the utilities and their customers.

Chart 1 depicts the impact on OG&E in estimated annual net revenue loss as a function of the percentage of business reduced by competition. Chart 2 depicts the same information for PSO. The transition charges developed were based on the levels of net revenue reduction shown on Charts 1 and 2.

Chart 1

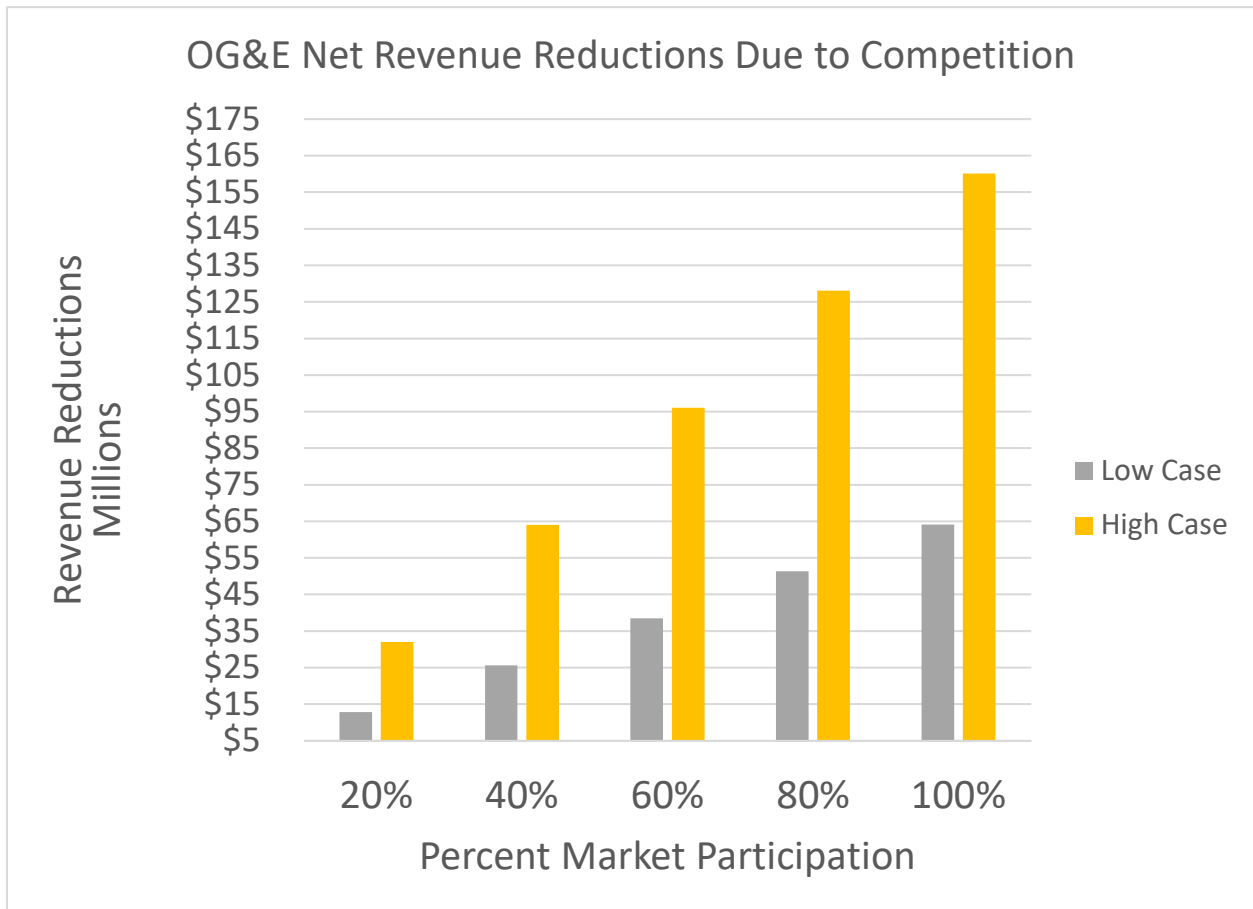
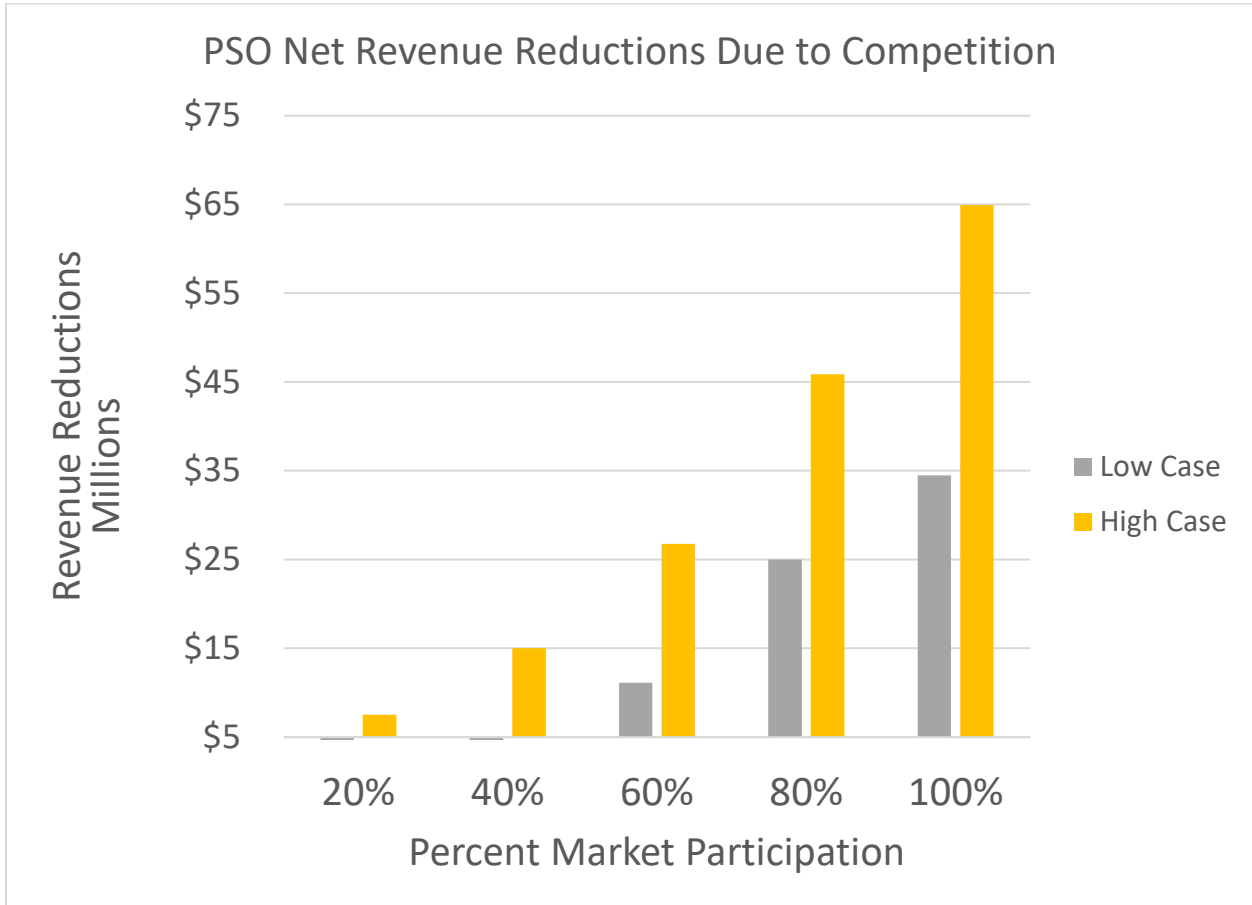


Chart 2



The maximum net revenue for the utilities which is likely to occur is about \$160 million for OG&E and about \$65 Million to PSO (Charts 1 and 2). This presumes the high case “Price to Compare” values and loss of all of the eligible electric sales to the competitive market. “Net revenue” as used in this context is the monetary value of sales revenue reduction less the corresponding fuel and purchased power costs and regional Transmission costs provided by the Southwest Power Pool, less the mitigating offset provided by the presumption of increased intersystem sales. It is our expectation that no more than about 45% of the energy sales to qualifying customers is likely to be lost due to competition.

The impact of revenue reductions on the utility’s monopoly customers due to the operation of a competitive market will depend upon how the regulatory body, in this case the Oklahoma Corporation Commission, chooses to distribute such impacts. We are recommending that such costs be recovered from customers who participate in the competitive market using a Transition Charge although other methods could be adopted. If this recommendation is adopted then the utilities and their non-participating customers would not be economically impacted by the presence of a competitive market.

Conclusions

Consumer savings are difficult to predict, in part because they depend upon the prices and policies offered by competitive suppliers. Our estimates of “Possible Savings” do not consider administrative costs or profit objectives of competitive providers and serve only as an estimate of the very least they might need to charge for their services. It is apparent, however, that significant cost savings may be available to many consumers.

The actions which must be taken by the Corporation Commission (“OCC”) regarding lost revenues by the utilities will be a significant factor influencing the level of net savings attainable. In order to implement a competitive market it is likely that the OCC will choose to examine many factors, including the ones we have examined, in order to develop their conclusions. While it is possible they will reach somewhat different conclusions we believe that a persuasive case exists to develop a framework so that the OCC can begin the process of developing appropriate rules, regulations, and pricing to

effect a competitive market for electricity in Oklahoma. We believe that substantial cost savings are available for many Oklahoma customers.

Appendix 1

Description of OG&E Rate Codes

In the order they appear in Attached Tables

Large Power and Light TOU is a three-part tariff with a customer charge and separate charges for demand (maximum kW) and energy (kWh). It is for customers having a load factor of 70% or more and using over 15,000,000 kWh per year and served at transmission level voltages. Load factor is the ratio of the average rate of power use to the maximum rate of power use. The tariff has daily on peak and off-peak periods with different pricing for summer kWh. About 120 customers take service on this tariff with average usage per customer of more than 50 Million kWh annually.

Power and Light is a three-part tariff with a customer charge and separate charges for demand (maximum kW) and energy (kWh). It is for customers from 10 kW to 400 kW having a load factor of 25% or more or customers over 400 kW having lower load factors. Customers must use less than 15,000,000 kWh per year. About 18,500 customers take service on this tariff with average usage per customer of slightly over 200,000 kWh annually.

Power and Light TOU is a three-part tariff with a Customer charge and separate charges for demand (maximum kW) and Energy (kWh). It is for customers from 10 kW to 400 kW having a Load Factor of 25% or more or customers over 400 kW having lower load factors. Customers must use less than 15,000,000 kWh per year. The tariff has daily on peak and off-peak periods with different pricing. About 3,000 customers take service on this tariff with average usage per customer of more than 1 Million kWh annually.

General Service is a two-part rate having only customer charges and an energy charge. It applies only to customers of 10 kw to 400 kw and less than 10 kw for customers having a load factor more than 25%. About 77,000 customers take service on this tariff with average usage per customer of about 16,000 kWh annually.

Oil & Gas is a two-part rate having only customer charges and an energy charge. It applies only to Oil & Gas operations at the well site. About 4,500 customers take service on this tariff with average usage per customer of almost 80,000 kWh annually.

Public Schools Large TOU is a three-part tariff with a customer charge and separate charges for demand (maximum kW) and energy (kWh). It is for public schools from 10 kW to 600 kW having a Load Factor of 25% or more or customers over 600 kW having lower load factors. Customers must use less than 15,000,000 kWh per year. The tariff has daily on peak and off-peak periods with different pricing. About 250 customers take service on this tariff with average usage per customer of more than 550,000 kWh annually.

General Service VPP is a two-part rate having only customer charges and an energy charge. It applies only to customers of 10 kw to 400 kw and less than 10 kw for customers having a load factor more than 25%. Summer energy charges have four daily energy price periods with prices based on the SPP Day Ahead market. About 4,500 customers take service on this tariff with average usage per customer of almost 30,000 kWh annually.

Municipal Pumping is a two-part rate having only a customer charge and an energy charge. It applies only to municipal water pumping loads. About 1,350 customers take service on this tariff with average usage per customer of almost 100,000 kWh annually.

Public Schools Small VPP is a two-part rate having only a customer charge and an energy Charge. It applies only to customers of 10 kw to 600 kw and less than 10 kw for customers having a load factor more than 25%. Summer energy charges have four daily energy price periods with prices based on the SPP Day Ahead market. About 1,200 customers take service on this tariff with average usage per customer of almost 100,000 kWh annually.

General Service TOU is a two-part rate having only a customer charges and an energy charge. It applies only to customers of 10 kw to 400 kw and less than 10 kw for customers having a load factor more than 25%. The tariff has daily on peak and off-

peak periods with different pricing. About 3,700 customers take service on this tariff with average usage per customer of almost 32,000 kWh annually.

Public Schools Small TOU is a two-part rate having only a customer charge and an energy charge. It applies only to customers of 10 kw to 600 kw and less than 10 kw for customers having a load factor more than 25%. The tariff has daily on peak and off-peak periods with different pricing. About 540 customers take service on this tariff with average usage per customer of about 127,000 kWh annually.

Public Schools Large is a three-part tariff with a customer charge and separate charges for demand (maximum kW) and energy (kWh). It is for public schools from 10 kW to 600 kW having a Load Factor of 25% or more or customers over 600 kW having lower load factors. Customers must use less than 15,000,000 kWh per year. The tariff has daily on peak and off-peak periods with different pricing. About 100 customers take service on this tariff with average usage per customer of almost 500,000 kWh annually.

Public Schools Small is a two-part rate having only a customer charge and an energy charge. It applies only to customers of 10 kw to 600 kw and less than 10 kw for customers having a load factor more than 25%. About 650 customers take service on this tariff with average usage per customer of about 50,000 kWh annually.

Oil & Gas TOU is a two-part rate having only a customer charge and an energy charge. It applies only to oil & gas operations at the well site. The tariff has daily on peak and off-peak periods with different pricing. About 215 customers take service on this tariff with average usage per customer of about 112,500 kWh annually.

Oil & Gas VPP is a two-part rate having only a customer charge and an energy charge. It applies only to oil & gas operations at the well site. Summer energy charges have four daily energy price periods with prices based on the SPP Day Ahead market. About 115 customers take service on this tariff with average usage per customer of about 73,000 kWh annually.

Municipal Pumping TOU is a two-part rate having only customer charges and an energy charge. It applies only to municipal water pumping loads. The tariff has daily on

peak and off-peak periods with different pricing. Only about 7 customers take service on this tariff with average usage per customer of about 135,000 kWh annually.

Appendix 2

Description of PSO Rate Codes

In the order they appear in Attached Tables

Large Power and Light is a four-part tariff with a customer charge and separate charges for maximum demand (maximum kW), peak period demand (maximum summer demand) and energy (kWh). About 525 customers take service on this tariff with average usage per customer of about 12 Million kWh annually.

General Service is a two-part rate having only a customer charge and energy charges. Applies to customers using more than 8,000 kWh per month in the summer season. About 8,300 customers take service on this tariff with average usage per customer of almost 285,000 kWh annually.

Power and Light is a three-part tariff with a customer charge and separate charges for demand (maximum kW) and energy (kWh). About 1,500 customers take service on this tariff with average usage per customer of more than 900,000 kWh annually.

Low Usage General Service is a two-part rate having only a customer charge and energy charges. Applies to customers using less than 8,000 kWh per month in the summer season. About 59,000 customers take service on this tariff with average usage of about 17,000 kWh annually.

General Service Public Schools is a two-part rate having only a customer charge and energy Charges. Applies to customers using more than 8,000 kWh per month in the summer season. About 715 customers take service on this tariff with average usage per customer of almost 350,000 kWh annually.

General Service TOU is a two-part rate having only a customer charge and energy charges. It applies to customers using more than 8,000 kWh per month in the summer season. The tariff has daily on peak and off-peak periods with different pricing. About 170 customers take service on this tariff with average usage per customer of more than 300,000 kWh annually.

Low Usage General Service Public Schools is a two-part rate having only a customer charge and energy charge. Applies to public schools using less than 8,000 kWh per month in the summer season. About 1,400 customers take service on this tariff with average usage per customer of about 23,000 kWh annually.

Primary Non-Demand is an hours-use type rate with a customer charge and energy charges based on multiples of the maximum demand. It is not available to secondary voltage customers. About 40 customers take service on this tariff with average usage per customer of over 500,000 kWh annually.

Low Usage General Service TOU is a two-part rate having only a customer charge and energy charges. Applies to customers using less than 8,000 kWh per month in the summer season. The tariff has daily on peak and off-peak periods with different pricing. About 285 customers take service on this tariff with average usage per customer of almost 50,000 kWh annually.

Municipal Pumping is a two-part rate having only a customer charge and an energy charge. It applies only to municipal water pumping loads. This rate is closed to new customers. About 65 customers take service on this tariff with average usage per customer of almost 175,000 kWh annually.