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BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE COMPANY)
OF OKLAHOMA TO COMPLY WITH ORDER NO.) CAUSE NO. PUD 200700449
545168 ISSUED IN CAUSE NO. PUD 200600285)

APPLICATION

I. **APPLICANT** Public Service Company of Oklahoma ("PSO")
212 East Sixth Street
Tulsa, OK 74119-1212

FILED
DEC 11 2007

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CORPORATION COMMISSION
OF OKLAHOMA

II. **ALLEGATIONS OF FACT**

(a) On October 9, 2007, this Commission issued Order No. 545168 ("Order") in Cause No. PUD 200600285. The Commission's Order stated in part:

Accordingly, the Commission orders PSO to, within sixty (60) days of the effective date of this order, to file an Application with the Commission seeking approval of comprehensive and cost effective Demand Programs to begin in 2008. PSO's filing shall include a proposed business plan for ultimately expanding its DSM, DR, and EE Programs including conservation, consumer education and consumer communication, to move towards the goal of garnering all cost-effective achievable savings, recognizing that it may take some time to build the program capacity required to meet this goal.

As a part of this filing, PSO shall submit a robust budget for DSM, DR, and EE Programs including progressive budget increases each calendar year. PSO's program plan should be designed to achieve a broad mix of savings based upon these budgets. Future budgets shall be based on achievable cost-effective programs and program capacity.

PSO's filing may incorporate existing DSM, DR, and EE Programs, and shall include additional proposed new or additional DSM, DR, and EE measures. Among other things, PSO's DSM, DR, and EE Programs shall include, at a minimum: (1) education and information for customers and trade allies such as energy service providers, builders (sic) and, appliance retailers; (2) energy efficiency assistance for low-income customers; (3) incentives for heating, ventilation, and cooling systems (HVAC), high efficiency appliances, motors, and lighting; and (4) load interruption mechanisms or tariffs.

(b) To meet the requirements of the Order, PSO is proposing to implement the following DSM programs that PSO estimates for year one will result in a total for all program reductions of 14,509 kW and 20,033,273 kWh:

OKLA CORP COMM RECEIPT 083090004
Date: 12/12/2007 Time: 09:41
Case: 200700449 PUD Cashier: JYP
Payor: PUBLIC SERVICE COMPANY OF OK
Cash \$35.00
74 Court Filing Fee

Program	kW	kWh	Customer Class
Low-Income Weatherization Assist. Program	82	605,419	Low-income Residential
ENERGY STAR® New Homes Program	1,100	2,627,000	Residential
Large Commercial & Industrial SOP	1,414	6,610,766	Large Commercial and Industrial
Energy Efficiency for Cities (Model Cities Partnership) Program	1,631	7,628,195	Large Commercial and Industrial
Residential & Small Commercial ENERGY STAR® Appliance Program	282	2,071,893	Residential & Small Commercial
Emergency Load Management SOP	<u>10,000</u>	<u>490,000</u>	Large Commercial & Industrial
Sub Total	14,509	20,033,273	
OK Higher Education Loan Program (HELP) Energy Audit	N/A	N/A	Large Commercial Industrial
Total of All Programs	14,509	20,033,273	

(c) The testimony accompanying this Application describes the various programs in detail as well as the program goals. For example, the Emergency Load Management Standard Offer Program has a primary goal of achieving cost-effective reduction in demand during critical summer peak capacity periods so as to maintain and improve overall system reliability. The Low-Income Weatherization Assistance Program has a primary goal of achieving cost-effective reduction of peak demand and energy use for low income residential customers as well as additional goals of achieving customer energy cost savings, educating customers on the benefits of continued or expanded energy efficiency and conservation efforts, including, but not limited to, a change in customer usage habits through energy education. This program will also supplement the resources of existing state and federal weatherization programs to allow more eligible dwellings to be treated on an annual basis.

(d) The Order also required PSO to submit a robust budget including progressive budget increases each calendar year during the five (5) year time frame. Included in the testimony is the proposed budget which for the initial program year starting in 2008 is \$3,950,000 increasing to \$5 million in year two and to \$6,250,000 in year three. An additional \$300,000 is budgeted in the first program year for a market potential study. For program years four and five the budget is \$6,250,000, a 50 percent increase over the initial program year.

(e) The testimony accompanying this application also describes the Demand-Side Management Cost Recovery Rider (DSMR), the cost recovery mechanism needed to successfully implement the programs. Given the proposed budget, PSO estimates the typical residential customer (1000 kWh monthly) will have a \$0.41 monthly increase for year one under the DSMR. Other classes of service will have kilowatt-hour rate increases of:

SL4 and SL5 — Secondary \$0.000362 per kWh
SL3 — Primary \$0.000321 per kWh
SL2 — Transmission Substation \$0.000239 per kWh
SL1 — Transmission \$0.000304 per kWh

(f) As will be seen by a review of the filing, PSO has used four different tests to evaluate the DSM Programs. The various tests should not be used in isolation, but should be compared to one another. Flexibility of a multi-perspective approach is necessary to consider the tradeoffs between the various tests and to assess how the program contributes to the established objectives. The four tests PSO used to evaluate the programs are the Ratepayer Impact Measure ("RIM"), Total Resource Cost ("TRC"), Program Administrator Costs (also called the "Utility Cost"), and the Participant Cost.

(g) PSO also plans to perform the necessary market potential study to determine the technical, economic, and achievable demand and energy savings potential to be able to continue expanding programs in the future. This type of market study will take from three to six months and may cost somewhere in the range of \$300,000.

(h) This Application also complies with the requirement to file an interruptible tariff that is consistent with the recommendations made by Gerdau Ameristeel Corporation in Cause PUD No. 200600285. This Commission extended the date for filing the tariff until December 10, 2007. (Order No. 545764 issued on October 25, 2007 in Cause No. PUD 200700396.)

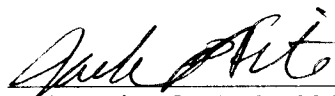
III. LEGAL AUTHORITY

17 O.S. § 152; Order No. 545168

IV. RELIEF REQUESTED

WHEREFORE, PSO requests this Commission to issue an Order finding that PSO has complied with the requirements of Order No. 545168 issued in Cause No. PUD 200600285, approve the programs as submitted to this Commission, allow for the timely recovery of all costs incurred to meet the requirements of Order No. 545168 and any subsequent order requiring additional expenditures, and approve the proposed tariff.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jack P. Fite", written over a horizontal line.

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CERTIFICATE OF SERVICE

This is to certify that on this 12th day of December, 2007, a true and correct copy of the above and foregoing document was mailed, postage prepaid, faxed, e-mailed and/or hand-delivered to the following:

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