

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE) CAUSE NO. PUD 200500218
 COMPANY OF OKLAHOMA (PSO) TO)
 INCREASE THE AUTHORIZED RECOVERY)
 LEVEL OF THE VEGETATION MANAGEMENT)
 RIDER) ORDER NO. **515349**

FINAL ORDER

BY THE COMMISSION

The Oklahoma Corporation Commission being regularly in session and the undersigned Commissioners being present and participating, the Report of the Administrative Law Judge ("ALJ") comes on for consideration. The Report of the ALJ was issued September 15, 2005, and was timely mailed to all parties of record. The Report of the ALJ recommends the Commission establish both a regulatory asset for the future recovery of costs specifically associated with the accelerated burial of aerial electric lines and set a cap on the Vegetation Management Rider in the amount of \$23.685 million, which would be in addition to the vegetation management amount of \$6.285 million included within the current base rates of PSO.

The ALJ further recommended that PSO be permitted to recover non-capitalized costs associated with the burial of existing aerial lines through the Vegetation Management Rider, to the extent the costs are shown to increase the reliability of PSO's electric system. Any non-capitalized costs recovered through the Vegetation Management Rider should not also be included for recovery within the regulatory asset recommended by the ALJ.

Pursuant to OAC 165:5-13-4(c), at the expiration of ten (10) days after the report is filed, if no appeal is filed, the Commission shall enter such order as shall be deemed appropriate upon consideration of the report. More than ten days have elapsed since the Report of the ALJ was filed and no appeals have been filed.

FINDINGS

The Commission finds it has jurisdiction over this Cause pursuant to 17 O.S. § 151 *et seq.* and notice was given as required by the rules of the Commission.

The Commission finds that implementation of PSO's Vegetation Management Plan has created customer concerns in metropolitan areas, primarily in Tulsa, resulting in increased customer complaints to the Commission's Consumer Services Division and public meetings where Commission staff were present.

The Commission further finds that PSO should continue to examine its tree trimming processes and procedures and explore methods to address reliability issues in the delivery of electric service and reasonable alternatives that would allow flexibility in the trimming of trees on private property and public rights of way.

The Commission further finds that PSO should be encouraged to continue to develop and explore options with its customers regarding its tree-trimming process to allow customers greater flexibility in managing the appearance of their property. The Commission notes that PSO's development of a Reliability Enhancement Plan dealing with vegetation management and coordination with organizations in Tulsa to develop a Community Oversight and Review Committee to collaboratively resolve issues arising from the enhancement plan is a positive first step towards such development and exploration.

The Commission also finds that the rules of the Commission, OAC 165:35-25- Parts 3 and 5, provide the reliability of service standards and reliability program and the annual utility performance scorecard. The Commission further finds that PSO's initial request for establishment of a Vegetation Management Rider in Cause No. PUD 200300076 and the request to increase the authorized recovery level in this Cause constitute a request for an exemption from the

requirement to perform vegetation management on a 4-year cycle pursuant to the requirements of OAC 165:35-25-15.

Finally, the Commission finds that the Report of the Administrative Law Judge (attached hereto as "Attachment A" and incorporated herein by reference) submitted on September 15, 2005, recommending the establishment of both a regulatory asset for the purpose of recovering reasonable costs specifically associated with the accelerated burial of aerial electric lines and establishment of a cap on the Vegetation Management Rider in the amount of \$23.685 million, which would be in addition to the vegetation management amount of \$6.285 million included within the current base rates of PSO is a fair and reasonable resolution of the issues in this cause, with the exception that the Commission does not find it necessary at this time to establish the regulatory asset recommended by the ALJ for future recovery of the costs associated with an acceleration of the burial of aerial lines. While the Commission does not find it necessary to establish a regulatory asset associated with the accelerated burial of aerial lines, the Commission finds that given the continuing costs associated with tree trimming and given the potential for on-going concerns about the enhanced level of tree trimming, it is appropriate to facilitate the accelerated burial of certain aerial distribution lines. To that end, PSO shall be allowed to collect through the Vegetation Management Rider the non-capitalized costs associated with converting overhead distribution lines to underground lines. Such recovery may include: depreciation, taxes, return, insurance and any other costs that the Commission may deem appropriate for inclusion in the Rider to cover the costs and/or investments incurred by PSO for the burial of existing distribution lines until such time as the company can obtain rate base and base rate treatment from the Commission. All costs passed through the Rider may be subject to refund and/or prudence review at the discretion of the Commission.

ORDER

IT IS THEREFORE THE ORDER OF THE OKLAHOMA CORPORATION COMMISSION that the Report of the ALJ (attached hereto as "Attachment A" and incorporated herein by reference) be adopted by the Commission as the Summary of Evidence and the Findings of Fact and Conclusions of Law of the Commission, with the exception that the Commission does not find it necessary to establish the regulatory asset recommended by the ALJ for the future recovery of the costs associated with an acceleration of the burial of aerial lines. Further, consistent with the ALJ's Report, PSO shall be allowed to collect through the Vegetation Management Rider the non-capitalized costs associated with converting overhead distribution lines to underground lines. Such recovery may include: depreciation, taxes, return, insurance and any other costs that the Commission may deem appropriate for inclusion in the Rider to cover the costs and/or investments incurred by PSO for the burial of existing distribution lines until such time as the company can obtain rate base and base rate treatment from the Commission. All costs passed through the Rider may be subject to refund and/or prudence review at the discretion of the Commission.

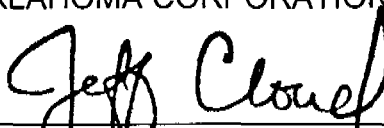
IT IS FURTHER THE ORDER OF THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA that because the exemption to perform vegetation management on a 4-year cycle granted by Order No. 504841 requires the establishment of accountability measures to address consumer concerns that have arisen by the implementation of PSO's Vegetation Management Plan, the Commission directs that PSO establish a notification process that will, at least 10 days prior to the commencement of each calendar quarter, provide the Director of the Public Utility Division and the Director of the Consumer Services Division a detailed projection of the proposed tree trimming activities to be conducted in the calendar quarter for the utility's entire service territory, for each region and for each distribution circuit. A copy of such detailed projection shall be maintained on PSO's internet website: PSOklahoma.com.

IT IS FURTHER THE ORDER OF THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA that PSO submit a quarterly report that

identifies expenditures made and computes the System Average Interruption Duration Index and the System Average Interruption Frequency Index (and to the maximum extent practicable, the Momentary Average Interruption Frequency Index) for each distribution circuit where recovery of such expenditures have been received through the Vegetation Management Rider. In addition, such quarterly report shall be maintained on PSO's internet website:PSOklahoma.com.

IT IS FURTHER ORDERED that the remaining Recommendations of the ALJ set forth in the attached Report of the Administrative Law Judge are adopted as the Order of this Commission.

OKLAHOMA CORPORATION COMMISSION

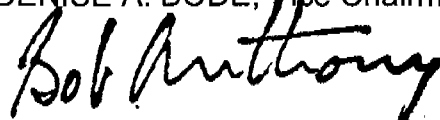


JEFF CLOUD, Chairman



DENISE A. BODE, Vice Chairman

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BOB ANTHONY, Commissioner

DONE AND PERFORMED THIS

28

DAY OF NOVEMBER, 2005, BY

ORDER OF THE COMMISSION:



PEGGY MITCHELL, Secretary

