

Cover Sheet for Attachment "C"

Summary of Evidence

Attachment "C"

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE)
COMPANY OF OKLAHOMA, AN)
OKLAHOMA CORPORATION, FOR AN)
ADJUSTMENT IN ITS RATES AND)
CHARGES AND THE ELECTRIC SERVICE) CASE NO. PUD2025-000075
RULES, REGULATIONS AND)
CONDITIONS OF SERVICE FOR)
ELECTRIC SERVICE IN THE STATE OF)
OKLAHOMA AND TO APPROVE)
VARIOUS COST RECOVERY)
MECHANISMS AND TARIFFS)

TESTIMONY IN SUPPORT OF JOINT STIPULATION
AND SETTLEMENT AGREEMENT

MATTHEW A. HORELED

ON BEHALF OF

PUBLIC SERVICE COMPANY OF OKLAHOMA

June 2026

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1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME, POSITION WITH PUBLIC SERVICE COMPANY OF
3 OKLAHOMA, AND BUSINESS ADDRESS.

4 A. My name is Matthew A. Horeled. I am Vice President, Commercial & Regulatory for
5 Public Service Company of Oklahoma (PSO or Company). My business address is 212
6 East 6th Street, Tulsa, Oklahoma 74119.

7 Q. IS YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE
8 CONTAINED IN YOUR DIRECT TESTIMONY FILED IN THIS CASE?

9 A. Yes.

10 II. PURPOSE OF TESTIMONY

11 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN SUPPORT OF THE JOINT
12 STIPULATION AND SETTLEMENT AGREEMENT?

13 A. The purpose of my testimony is to support the Joint Stipulation and Settlement Agreement
14 filed June 26, 2026 (Stipulation or Joint Stipulation) entered into by the Oklahoma
15 Attorney General (AG), the Public Utility Division (PUD), the Petroleum Alliance of
16 Oklahoma (PAO), AARP, and PSO. It is my understanding that Google does not oppose
17 the settlement. My testimony gives an overview of the parties' filed revenue requirement
18 positions, describes the settlement process, and describes the terms of the Joint Stipulation
19 and how approval by the Commission will result in fair, just and reasonable rates for the
20 customers of PSO and be beneficial to PSO.

21

22

1 III. THE JOINT STIPULATION

2 Q. WHAT WERE THE PARTIES FILED POSITIONS REGARDING THE REVENUE
 3 REQUIREMENT NEEDS OF PSO?

4 A. As with any rate case, the recommended revenue deficiencies changed after responsive
 5 and rebuttal testimony was filed. The approximate gross base rate revenue deficiencies
 6 being recommended by the parties making recommendations on revenue deficiency are
 7 set out in my Table 1.

8 TABLE 1

Description	Company Rebuttal	Settlement	Staff	AG	OIEC
PSO Revenue Deficiency (Direct)	\$ 597.2		\$ 597.2	\$ 597.2	\$ 597.2
PSO Revenue Deficiency (Rebuttal)		\$ 606.9			
Proposed Change - Base Rev Req	\$ 9.7	\$ (159.8)	\$(228.1)	\$(196.2)	\$(295.6)
Proposed Base Rate Revenue Increase	\$ 606.9	\$ 447.1	\$ 369.1	\$ 401.0	\$ 301.6

9 Q. WHAT IS THE REVENUE DEFICIENCY CONTAINED IN THE STIPULATION?

10 A. The Stipulation has a net revenue deficiency of \$72.7 million. The \$72.7 million is new
 11 base rate revenue after taking into account riders already being recovered, which will be
 12 rolled into base rates. Additional revenues will be derived from the Southwest Power Pool
 13 Transmission Cost (SPPTC) tariff and through the GEAR Rider

14 Q. PLEASE DESCRIBE THE SETTLEMENT PROCESS.

15 A. The Preliminary Order (Order No. 754614) scheduled a Settlement Conference for June 3,
 16 2026. The PUD, AG, AARP, Wal-Mart, OIEC, PAO, DOD/FEA, Google and DCC
 17 engaged in negotiations. Although resolution of the case was not reached by all parties,
 18 PSO and PUD decided to continue discussions hoping to reach a settlement agreement that

1 would either be joined, or not objected to, by the other parties. These discussions continued
2 and included various discussions between representatives of the AG, PAO, AARP, and
3 OIEC that eventually led to the filing of the Joint Stipulation on June 26, 2026.

4 Q. WHAT ARE THE TERMS OF THE JOINT STIPULATION?

5 **1. Revenue Requirement, Tariffs, and Other Agreements:**

6 (a) The Stipulating Parties agree that the Commission should find a base rate revenue
7 deficiency of \$447.1 million on a gross basis (representing a 39% base rate change),
8 based upon a return on equity of 9.375%, a capital structure of 50.15% debt/49.85%
9 equity (long term debt rate of 4.72%), and weighted average cost of capital
10 ("WACC") of 7.04%, grossed up for taxes of 8.57%. The base rate revenue
11 deficiency is subject to the offsets described in paragraph 1(b) below, resulting in
12 a net revenue deficiency of \$72.7 million and an estimated total bill change of
13 approximately 5%.
14 (b) The Stipulating Parties agree on the following components of the revenue
15 deficiency:

PSO Filed Rebuttal Revenue Deficiency	\$ 606.9		Base Rate Change	54%
Settlement Terms				
Rate Base Items				
Cash Working Capital	\$ 0.4			
Weighted Average Cost of Capital				
Δ ROE	\$ (39.3)			
Expenses/Revenue Items				
Incentive Expense	\$ (7.4)			
Storm Amortization	\$ (22.8)			
Annual Storm Increase	\$ (37.2)			
Income Taxes	\$ (12.5)			
Factoring	\$ (0.1)			
Factoring on Rev Deficiency	\$ (1.1)			
Depreciation & Amortization Expense	\$ (32.3)			
Payroll Tax Expense	\$ (0.6)			
Payroll Normalization	\$ (1.6)			
AEPSC Adjustment (Incl. Payroll)	\$ (2.1)			
PBA Deferral Amortization to three years	\$ (2.3)			
Chamber of Commerce Dues	\$ (0.1)			
Pension Expense (SERP & Pension Settlement)	\$ (0.8)			
PSO Proposed Settlement Revenue Deficiency - Gross	\$ 447.1		Base Rate Change	39%
Offsets (Rolled in Riders)	\$ (236.7)			
Offsets (New PTC's)	\$ (32.3)			
PTCs Realized in FAC	\$ (29.5)			
Deferred Tax Liabilities Offset (Tax Change Rider)	\$ (76.0)			
PSO Proposed Settlement Revenue Deficiency - Net	\$ 72.7		Total Bill Change	5%

1 The Stipulating Parties agree the payroll items listed above remove the post six-month
 2 payroll adjustments, severance expense, pension settlement amortization, and SERP.
 3 PSO's requested pension settlement regulatory asset will not be established. Offsets
 4 reflected above include amounts rolled into existing riders, new production tax credits,
 5 PTCs realized in the fuel adjustment clause, and deferred tax liabilities credited through
 6 PSO's Tax Change Rider. The Performance Based Accreditation (PBA) deferral shall be
 7 amortized over a three-year period.

- 1 (c) The Stipulating Parties agree PSO's current Deferred Tax Liabilities related to tax
2 repairs be credited to customers over a two-year period through PSO's Tax Change
3 Rider. PSO shall be authorized to establish a regulatory asset (DTL Regulatory
4 Asset) in the amount necessary to provide the Tax Change Rider credits over the
5 two year period. PSO will amortize the DTL Regulatory Asset over the life of the
6 underlying plant for which the deferred tax liabilities were established and recover
7 the amortization expense through the Tax Change Rider. The DTL Regulatory
8 Asset will earn a return at PSO's authorized after-tax WACC as an offset to base
9 rate DTLs.
- 10 (d) The Stipulating Parties agree the trim cycle vegetation management should be
11 approved consistent with Company Witness Devereux THD-R Figure 3: \$27M in
12 base rates consistent with PSO's application, \$13M eligible for deferral through a
13 regulatory asset for the first year of implemented rates, and \$4M eligible for
14 deferral through a regulatory asset for each year thereafter until PSO's next rate
15 case.
- 16 (e) The Stipulating Parties agree the Southwest Power Pool Transmission Cost Rider
17 recommendation should be approved as proposed by PSO. PSO agrees to update
18 class allocators annually. PSO also agrees that PUD and other parties retain the
19 right to advocate different positions in future base rate cases.
- 20 (f) The Stipulating Parties agree that the Grid Enhancement And Resiliency (GEAR)
21 Rider shall sunset on December 31, 2029, and the rider shall be capped at \$6M

1 annual recovery going forward. PSO may request additional GEAR Rider recovery
2 in PSO's next rate case.

3 (g) The Stipulating Parties agree the Renewable Resources Rider sunset shall be
4 extended as proposed by PSO to accommodate the Algodon facility in-service date.

5 (h) The Stipulating Parties agree the second Net Operating Loss Carryforward (NOLC)
6 IRS Private Letter Ruling (PLR) is still pending. Therefore, the parties agree that
7 the Commission will continue to treat the NOLC as ordered in Case No. PUD 2024-
8 000032 and the AG, PUD, and other parties retain the right to advocate for a
9 different NOLC calculation methodology in future base rate cases pending receipt
10 of the Second IRS PLR.

11 (i) The Stipulating Parties agree PSO's proposed Curtailable Service Tariffs (CSTs)
12 shall be approved.

13 (j) The Stipulating Parties agree that PSO's proposed modification to the semi-annual
14 redetermination dates in the Fuel Cost Adjustment Rider will be updated, shifting
15 from May and November to February and August.

16 (k) The Stipulating Parties, with the exception of The Petroleum Alliance of Oklahoma,
17 agree that PSO's proposed 12 CP transmission cost allocation, 85% energy / 15%
18 demand allocation for wind facilities, and 38% energy / 62% demand allocation for
19 solar facilities should be approved.

20 (l) The Stipulating Parties agree that all uncontested tariff changes proposed by PSO
21 shall be considered approved.

1 (m) The Stipulating Parties agree PSO's proposed Large Power and Light (LPL) and
2 Large Load Power (LLP) tariffs filed in Rebuttal Testimony shall be an open issue
3 to be finalized at hearing.

4

5 Q. HAVE THE STIPULATING PARTIES AGREED TO ANY REQUIREMENTS FOR
6 THE CURTAILABLE SERVICE TARIFFS?

7 A. Yes, PSO has agreed to the following requirements:

8 1) CST Demand Credits - if the value of either the SPP's Cost of New Entry or
9 estimated transmission savings changes by 25% or more before the next base rate
10 case, PSO will modify the CST tariffs accordingly in its next base rate case.

11 2) Non-Compliance Penalties - any penalties paid for failing to curtail should be
12 returned to customers through the FAC. If PSO cancels a customer's eligibility for
13 curtailable service, any curtailable power credits that PSO deems forfeit and any
14 assessed termination payments be returned to customers through the FAC.

15 3) Tracking - PSO will track costs and revenues, including any avoided energy costs,
16 and include an analysis and supporting documentation in PSO's next base rate case
17 filing to illustrate that the program is cost effective, is not subsidized by other rate
18 classes, and is beneficial to other PSO customers.

19 4) Annual Report - PSO will submit an annual report detailing enrollment by tariff,
20 enrolled curtailable kW, number of curtailments, whether notification was
21 adequate, and customer performance.

- 1 Q. WHAT WILL BE THE BASE RATE IMPACT WITH A \$72.7 MILLION NET BASE
2 RATE INCREASE AND HOW DOES THE JOINT STIPULATION'S PROPOSED
3 INCREASE COMPARE TO PSO'S REQUESTED RATE INCREASE?
- A. Table 2 below sets forth the net base rate increase and the percentage increase of PSO's
filed case compared to the Joint Stipulation:

TABLE 2

	Net Base Revenue Change	Base Revenue Percentage Change	Total Revenue Percentage Change
Rebuttal	\$ 308.5 M	53%	17%
Settlement	\$ 72.7 M	39%	5%

- 4 Q. CAN YOU QUANTIFY THE CUSTOMER CLASS IMPACTS OF APPROVING THE
5 COST ALLOCATION IN THE JOINT STIPULATION, COMPARED TO OTHER COST
6 ALLOCATION METHODOLOGIES DISCUSSED IN THE CASE?
- 7 A. Yes. Table 3 contains such a comparison.
- 8

1

TABLE 3

Allocation Methodology Impacts by Class (\$) - Settlement Scenarios				
	Settlement Allocators	4CP A&E Transmission	4CP A&E Renewables	4CP A&E Trans+Renew*
Residential	170,082,803	20,915,369	38,448,705	59,364,075
Lighting	7,518,351	739,614	(552,509)	187,105
C&I SL4/5	118,639,775	(6,156,696)	(3,934,010)	(10,090,706)
C&I SL3	47,463,056	(3,996,173)	(9,382,731)	(13,378,904)
C&I SL2	76,550,077	(9,823,148)	(18,325,710)	(28,148,859)
C&I SL1	26,611,305	(1,702,030)	(6,260,775)	(7,962,804)
Total Retail	446,865,367	(23,063)	(7,029)	(30,092)
Wholesale	251,144	23,063	7,029	30,092
Total Company	447,116,511	0	0	0
Residential Bill Increase @1,100 kWh/month	\$2.45	+\$3.40	+\$6.24	+\$9.64

*Includes combined effects of allocation changes on internally calculated allocators

2 Q. DO YOU BELIEVE THAT APPROVAL OF THE JOINT STIPULATION IS IN THE
3 PUBLIC INTEREST?

4 A. Yes. Approval of the Joint Stipulation will result in customers having fair, just and
5 reasonable rates. The Joint Stipulation is a compromise of positions and ideas from various
6 parties. As with any compromise, some of the provisions of the Joint Stipulation are not
7 supported by PSO except as a compromise needed to settle this case. Ratemaking is a
8 legislative process which means that the parties will have opportunities in the future to try
9 and convince others of the correctness of their positions. With that in mind, PSO supports
10 the Joint Stipulation and requests that it be approved by the Commission.

AFFIDAVIT OF WITNESS MATTHEW A. HORELED

STATE OF OKLAHOMA

COUNTY OF TULSA

On the 26 day of June, 2026, before me appeared Matthew A. Horeled to me personally known, who, being by me first duly sworn, states that he is the VP Commercial & Regulatory of Public Service Company of Oklahoma and acknowledges that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.

Matthew A. Horeled

Witness Name

Subscribed and sworn to before me this 26 day of June 2026

Jarrod Hutchison
Notary Public

My commission expires: 4-5-2030



BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE COMPANY)
OF OKLAHOMA, AN OKLAHOMA)
CORPORATION, FOR AN ADJUSTMENT IN ITS) CASE NO. PUD 2025-000075
RATES AND CHARGES AND THE ELECTRIC)
SERVICE RULES, REGULATIONS AND)
CONDITIONS OF SERVICE FOR ELECTRIC)
SERVICE IN THE STATE OF OKLAHOMA AND TO)
APPROVE VARIOUS COST RECOVERY)
MECHANISMS AND TARIFFS)

TESTIMONY IN SUPPORT OF THE JOINT STIPULATION AND
SETTLEMENT AGREEMENT FILED ON JUNE 26, 2026

OF ADRIAN J. KIMBROUGH

ON BEHALF OF GOOGLE LLC

JUNE 26, 2026

1 **Q: Please state your name and business address.**

2 A. My name is Adrian J. Kimbrough, and my business address is 417 Denison Street,
3 Highland Park, New Jersey, 08904. I am employed as Senior Vice President at Gabel
4 Associates, Inc., and energy, environmental, and public utility consulting firm.

5

6 **Q. Is your educational background and business experience contained in your**
7 **Responsive Testimony filed in this case?**

8 A. Yes.

9

10 **Q. What is the purpose of your testimony?**

11 A. The purpose of this testimony is to support the Joint Stipulation and Settlement Agreement
12 filed June 26, 2026 addressing the Large Load Service Tariff (“Stipulation” or “Joint
13 Stipulation”). My testimony gives and describes the terms of the Joint Stipulation.

14

15 **Q. What is the Joint Stipulation and Settlement Agreement?**

16 A. It is a negotiated agreement among several parties to this case that resolves the disputed
17 large-load and self-supply issues. PSO filed this case to review its rates, service rules, and
18 a number of cost-recovery mechanisms and tariffs, including new terms for very large
19 customers. The parties took different positions on how those customers should be served
20 and how other ratepayers should be protected. The agreement settles that set of issues on
21 terms the parties describe as fair, just and reasonable, and in the public interest. It does not
22 settle the rest of the case — the cost-of-service study, return on equity, storm costs, and
23 other riders remain open for the Commission to decide. The agreement is a package: its

1 terms are interdependent, and if the Commission does not approve it as written, it has no
2 effect.

3

4 **Q. What does it establish?**

5 A. It directs PSO to create a new, stand-alone rate schedule for its largest customers — the
6 Large Load Service (LLS) tariff — instead of serving them under the existing large-
7 customer schedule. The new tariff applies to customers whose contract demand is more
8 than 75 MW at a single point of delivery, which also settles the dispute over whether the
9 cutoff should be 10 MW or 75 MW. The agreement builds three service choices into the
10 tariff, sets the contract terms, requires each customer to fund the facilities and upgrades
11 needed to serve it, sets minimum charges and security requirements, and provides for exit
12 fees and an annual reconciliation. It also recognizes the Commission's authority to approve
13 a self-supply option (Rider SSS) and commits the tariff to comply with the new state large-
14 load law.

15

16 **Q. How does it address HB 2992?**

17 A. HB 2992 is the state's new large-load customer law, signed on May 11, 2026 and effective
18 July 1, 2026. It requires electric suppliers to maintain separate terms and tariffs for large-
19 load customers; to protect other customers from unjust rates caused by large-load service;
20 to assign costs according to who causes them; to include credit requirements and other
21 measures ensuring large customers cover the costs assigned to them, including costs that
22 would otherwise go unrecovered if a customer leaves or cuts its load; and to use a service
23 term of at least ten years. The LLS tariff is built to meet each requirement. It is a separate,

1 stand-alone schedule. It includes cost-tracking reconciliation, financial security and exit
2 provisions, and minimum terms of ten years for self-supply and fifteen years for full
3 service. It also states that it will be read and, if necessary, adjusted to conform to the law
4 and to any later Commission rule or order carrying out the law.

5

6 **Q. Who may take service under the LLS Tariff?**

7 A. Any retail customer whose contract demand is more than 75 MW at a single delivery point
8 may take service under the LLS Tariff. A customer qualifies regardless of how much, if
9 any, of its own generation it brings. Service requires a written agreement, is taken at one
10 delivery point and one standard voltage, and a customer on this schedule cannot take
11 service for the same load under any other retail schedule at the same time.

12

13 **Q. What service options does the LLS Tariff provide?**

14 A. Three. Under Option 1, the customer takes no generation from PSO and supplies up to all
15 of its own capacity and energy, either through a qualified wholesale supplier or through
16 generation on its own site. Under Option 3, the customer takes all of its generation from
17 PSO. Under Option 2, the customer splits its load, taking part as self-supply and part as
18 full service; each portion is metered and billed under the terms that apply to it. Offering a
19 structured self-supply choice — rather than full service only — lets a customer that can
20 arrange its own generation do so, while the tariff still holds the large-load customer
21 responsible for the transmission, delivery, and regulatory rider costs fairly assigned to it.

22

23 **Q. What contract terms apply under the LLS Tariff?**

1 A. A self-supply customer (Option 1) commits for at least ten years, the minimum the law
2 allows, with a narrow exception for certain public power entities using tax-exempt
3 financing. A full-service customer (Option 3) commits for fifteen years including may add
4 a load-ramp period of up to five years while its facility builds toward full size. A mixed
5 customer (Option 2) follows the ten-year term on its self-supplied portion and the fifteen-
6 year term on its full-service portion. These commitments meet the law's ten-year floor and
7 reflect the long horizon of the investments made to serve this load.

8

9 **Q. What collateral and credit support is required under the LLS Tariff?**

10 A. The security required matches the investment the customer relies on. A self-supply
11 customer (Option 1) posts no collateral, because it is not depending on PSO's generation
12 investment; the only exceptions are any security still required by law, a Commission order,
13 generally applicable tariff terms, or a facilities agreement. A full-service customer (Option
14 3) posts security equal to forty-eight months of its non-fuel minimum bills, recalculated
15 each year. The customer may meet this with a guarantee from a creditworthy parent or
16 affiliate, a qualifying letter of credit from an unaffiliated, highly rated U.S. bank, or cash;
17 the guarantee and letter-of-credit options must meet stated credit-rating and liquidity
18 standards and renewal requirements. A mixed customer (Option 2) posts none on its self-
19 supplied portion and the full-service amount on its full-service portion.

20

21 **Q. How does the LLS Tariff address costs for direct-connect facilities?**

1 A. For every option, the customer pays the full cost up front for the dedicated facilities needed
2 to connect and serve its load. Because those facilities exist only to serve that one customer,
3 the customer — not other retail customers — pays for them.

4

5 **Q. How does the LLS Tariff address costs for network upgrades?**

6 A. The customer also prefunds, up front, the share of broader network upgrades attributable
7 to its load. The amount is set so that the transmission rate paid by other customers stays at
8 or below what it would have been if the large load had never connected. PSO must study
9 the upgrades using the same planning criteria, models, and cost figures it applies to all
10 transmission customers, and must share the results and supporting work with the customer.
11 PSO then files a sworn certification, with calculations, confirming that the specified cost
12 allocation is not expected to raise other customers' rates.

13 Prefunded amounts are eligible for refund only if, and to the extent that, the applicable
14 FERC-approved crediting process later recognizes the funded network upgrades as
15 creditable because subsequent transmission service or other qualifying use depends on or
16 benefits from those upgrades. Any refund is limited to the amount originally prefunded,
17 does not include interest, and remains subject to reconciliation through the tariff's true-up
18 mechanism. The result is a verifiable showing that the upgrades do not raise other
19 customers' rates.

20

21 **Q. What charges and billing demand thresholds apply under the LLS Tariff?**

22 A. The schedule carries a base service charge of \$280 per month and the same generation,
23 transmission, and rider charges that apply under the existing large-customer schedule, on

an interim basis, until PSO resets them in a future case using actual data for these customers. Generation capacity and energy charges apply to load served by PSO; for self-supplied load those charges are set to zero. Transmission and rider charges apply to every option based on the customer's total metered demand, so a self-supplier still pays for the grid it uses. For each option, the billing demand is at least 80 percent of contract demand, which keeps the customer responsible for most of the capacity it reserved even if its actual use drops. The minimum monthly bill for each option is the base charge plus the minimum demand charges that apply to that option — transmission only for self-supply, transmission and generation for full service — and the applicable riders at actual usage. The tariff does not apply PSO's proposed pre-service System Contribution Charge to any option, consistent with the rationale provided in my prior responsive testimony.

Q. How does the LLS Tariff address early departure and load reduction?

A. A self-supply customer (Option 1) may exit at any time with no exit fee, but must first satisfy its outstanding obligations for the facilities and upgrades that served it to prevent a cost shift to PSO's remaining retail ratepayers. A full-service customer (Option 3) may give notice to exit after sixty months. Its exit fee is the present value of the costs still assigned to it over the rest of its contract term — unrecovered investments in generation, transmission, and dedicated facilities, as well as any remaining financial commitments PSO executed to serve the departing customer.

The fee excludes obligations PSO can terminate and any plant or contracts that can be redirected to serve new load, and it is reduced by whatever PSO recovers by reassigning the freed-up capacity. PSO must make reasonable efforts to find that replacement use and

1 pass the net benefit back to the departing customer. A mixed customer (Option 2) follows
2 these rules on each portion.

3 The 80 percent billing-demand floor and the true-up further limit how much a reduction or
4 departure can shift onto other customers. Because the fee tracks what is actually left
5 unrecovered after that mitigation, it recovers the real exposure without charging the
6 customer for costs PSO can avoid or reuse.

7

8 **Q. How does the LLS Tariff address self-supply?**

9 A. Self-supply is provided through Rider SSS. A customer with a verified peak demand of 75
10 MW or more at a single delivery point may supply up to its full capacity and energy needs
11 through a qualified wholesale supplier or through generation on its own site. The rider
12 applies to Option 1 and to the self-supplied portion of Option 2; it does not apply to full
13 service under Option 3.

14 On the self-supplied load, the generation capacity and energy charges are zero and no fuel
15 adjustment or generation rider applies, as the customer will obtain these services from a
16 qualified third-party wholesale supplier or through behind-the-meter generation. However,
17 delivery, transmission, and the applicable regulatory riders continue to apply to the
18 customer's total metered demand. Self-supply through Rider SSS is a regulated tariff option
19 under the Commission's continuing authority; it does not remove the customer from
20 regulated service, and the Commission keeps the power to change, condition, or enforce
21 the terms in later cases.

22

23 **Q. What is the LLS Tariff's true-up mechanism?**

1 A. The true-up mechanism contemplated in the LLS tariff is intended to address any potential
2 cost shifts driven by large load customers taking service from the tariff. This review will
3 happen in regular base rate cases and fuel adjustment proceedings going forward.

4

5 **Q. How does the LLS Tariff align with the objective of protecting other ratepayers**
6 **compared with PSO's proposed approach?**

7 A. PSO's proposal and the settlement share the same broad objective — protecting ratepayers
8 from cost shifts and stranded costs — but the settlement includes a stronger focus on cost-
9 causation while providing qualifying customers with the option to fulfill their capacity and
10 energy needs through a qualified wholesale supplier or through generation on their own
11 sites.

12 **Tariff Structure:** PSO proposed to serve large loads under revised terms within its existing
13 large-customer schedule. The settlement places them on a separate, stand-alone schedule,
14 as the new state law requires.

15 **Customer Eligibility:** PSO proposed a tiered framework with obligations beginning at 10
16 MW and enhanced obligations at 75 MW, and gave PSO discretion to aggregate accounts
17 and premises across the service territory to bring customers within the threshold. The
18 settlement uses a single 75 MW threshold measured at one delivery point and removes the
19 aggregation discretion, which resolves the disputed applicability question raised by
20 multiple parties.

21 **Self-Supply:** PSO's case treated bring-your-own-generation as an attempt to avoid system
22 costs and recommended against it. The settlement instead provides a structured self-supply
23 option through Rider SSS and a mixed-service option, with the customer continuing to pay

1 transmission, delivery, and applicable regulatory riders on its full metered demand and
2 continuing to fund the dedicated facilities and network upgrades attributable to its load.
3 The Commission keeps authority over the rider, so the customer remains within regulated
4 service.

5 **Contract Term:** PSO proposed a ten-year minimum term at 75 MW and above, with a
6 load ramp of up to five years. The settlement sets the full-service term at fifteen years with
7 the same up-to-five-year ramp, and uses the ten-year minimum the law requires for self-
8 supply.

9 **System Contribution Charge:** PSO proposed charging customers a System Contribution
10 Charge applied to the average contract demand for the first year of future service stated in
11 the executed contract, billed from the month after contract signing until service began, on
12 customers as small as 10 MW. The settlement does not apply that charge to any option
13 under the new schedule, because doing so would assign cost responsibility to entities before
14 the underlying assets are in service and before the customer is physically connected —
15 which is inconsistent with the principles of cost-causation and with ensuring that customers
16 are only charged for assets that are used and useful in serving them, as explained in my
17 prior responsive testimony.

18 **Direct-Connect and Network Upgrade Costs:** PSO's filing did not require upfront
19 customer funding of direct-connect facilities or a customer-specific share of network
20 upgrades, relying instead on the System Contribution Charge, collateral that included any
21 outstanding direct interconnection investment, and a nominal-value exit fee to recoup those
22 costs after service began. Under the settlement, the customer pays the full upfront cost of
23 the dedicated facilities built to serve it and prefunds its allocated share of broader network

1 upgrades, sized so the transmission rate paid by other customers stays at or below the level
2 that would have prevailed absent the load. PSO must study the upgrades using the same
3 planning criteria, models, and cost figures it applies to every other transmission customer,
4 share the studies and workpapers, and file a sworn rate-neutrality certification with
5 supporting calculations — all reviewable by the Commission and the customer. The result
6 is verifiable, documented protection against cost shifts before service begins, rather than
7 after-the-fact recovery contingent on events that may never occur.

8 **Billing Demand:** The settlement keeps the 80 percent billing-demand floor PSO proposed
9 for revenue stability and adds the annual true-up. The reconciliation checks the customer's
10 assigned and allocated costs, revenues, facility balances, mitigation, and any cost shift
11 against actual results using a Commission-approved method, and applies the same
12 carrying-charge rate in both directions. A large customer is not charged for costs it did not
13 cause, and other customers are not left covering costs the large customer did cause. The
14 rate-shock cap keeps any single year's correction within a defined limit, with any excess
15 amortized. Applicable transmission and rider charges continue to apply to the customer's
16 total metered demand under every option, so a self-supplier keeps paying for the delivery
17 system it uses each month.

18 **Financial Security:** PSO proposed twenty-four months of non-fuel bills as security, in a
19 form PSO found acceptable, with PSO determining creditworthiness. The settlement
20 requires forty-eight months for full service and replaces the open-ended form standard with
21 three defined options — a qualifying parent or affiliate guarantee, a letter of credit from an
22 unaffiliated, highly rated U.S. bank, or cash — together with stated credit-rating, liquidity,
23 and renewal standards, recalculated each year. This means the settlement keeps PSO's

1 underlying concept of holding meaningful security against the investment in serving the
2 customer and addresses, expands the collateral basis, and resolves the open-ended approach
3 PSO proposed by defining the acceptable instruments and the credit-rating, liquidity, and
4 renewal standards.

5 **Exit Fee:** PSO's exit fee equaled the nominal value of the remaining minimum charges for
6 the terminated capacity, payable as a lump sum on the termination date. The settlement
7 keeps the underlying purpose — recover from the departing customer what other customers
8 would otherwise be left holding — but measures the exit fee against the present value of
9 what is actually still unrecovered over the remaining term, with deductions for any plant
10 or contracts PSO can reuse and for any replacement use PSO secures through reasonable
11 mitigation efforts. Any savings PSO secures by reusing or reassigning capacity reduce the
12 departing customer's fee. Because the fee tracks the costs actually still unrecovered rather
13 than a fixed bill stream, the customer remains responsible for actual unrecovered costs, and
14 PSO does not collect for costs it can avoid or reuse.

15 **New Protections:** The settlement also adds protections that the original case did not
16 contain. The up-front network-upgrade prefunding is paired with a sworn rate-neutrality
17 certification with calculations and supporting workpapers, applied uniformly to all
18 applicable customers, with refunds limited to the prefunded amount and available only
19 through the FERC-approved crediting process — showing that the allocation holds the
20 transmission rate paid by other customers at or below the level that would have prevailed
21 absent the load. The true-up provides an additional layer of protection. It reviews, customer
22 by customer, whether any cost of serving the customer was under-collected, over-collected,
23 mis-assigned, or shifted to another class, using a Commission-approved method applied

1 uniformly to similarly situated customers. Under-collections are recovered from the
2 customer that caused them; over-collections are returned to that customer with the same
3 carrying-charge rate applied in both directions. A cap limits how much any single year's
4 adjustment can change the bill, and the customer can review the supporting work, contest
5 a proposed adjustment, and seek Commission resolution.

6 These protections operate together. Each charge has a documented basis, each estimate is
7 checked against actual results, and each correction runs in both directions. That structure
8 keeps the cost of serving large loads with the customers that cause those costs and leaves
9 other customers no worse off than they would have been if the load had never connected.

10

11 **Q. Does the LLS Tariff leave any items to be finalized after this proceeding?**

12 A. Yes. The settlement sets the structure, terms, and protections of the tariff in full. The true-
13 up mechanism, contemplated in the LLS tariff will require the development of a specific
14 formula or process to determine the true-up for Commission approval.

15

16 **Q. Does this conclude your testimony?**

17 A. Yes.

A handwritten signature in dark ink, reading "Adrian Kimbrough", is written over a horizontal line.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 19th day of June, 2026, a true and correct copy of the foregoing *Settlement Testimony of Adrian J. Kimbrough* was mailed, emailed, or hand delivered to the following:

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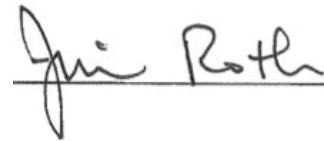
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1



BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE
COMPANY OF OKLAHOMA, AN
OKLAHOMA CORPORATION, FOR AN
ADJUSTMENT IN ITS RATES AND
CHARGES AND THE ELECTRIC SERVICE
RULES, REGULATIONS AND CONDITIONS
OF SERVICE FOR ELECTRIC SERVICE IN
THE STATE OF OKLAHOMA AND TO
APPROVE VARIOUS COST RECOVERY
MECHANISMS AND TARIFFS

PUD 2025-000075

LARGE LOAD SETTLEMENT TESTIMONY OF
FRANK J. BELING ON BEHALF OF
GENTNER F. DRUMMOND, OKLAHOMA ATTORNEY GENERAL

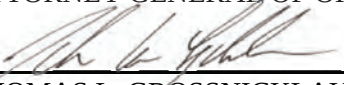
Gentner F. Drummond, the Attorney General of Oklahoma, on behalf of the utility customers of this State, hereby submits the Large Load Settlement Testimony of Frank J. Beling in the proceeding referenced above. The Attorney General urges close consideration of the testimony.

CASE PUD 2025-000075 ENTRY NO. 783 FILED IN OCC COURT CLERK'S OFFICE ON 06/26/2026 - PAGE 2 OF 20

PUD 2025-000075
Large Load Settlement Testimony of Frank J. Beling

Respectfully submitted,

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PUD 2025-000075
Large Load Settlement Testimony of Frank J. Beling

CERTIFICATE OF SERVICE

On this 26th day of June 2026, a true and correct copy of the *Large Load Settlement Testimony of Frank J. Beling on Behalf of Gentner F. Drummond, Oklahoma Attorney General* was sent via electronic mail to the following interested parties:

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CASE PUD 2025-000075 ENTRY NO. 783 FILED IN OCC COURT CLERK'S OFFICE ON 06/26/2026 - PAGE 4 OF 20

PUD 2025-000075
Large Load Settlement Testimony of Frank J. Beling

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BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE
COMPANY OF OKLAHOMA, AN
OKLAHOMA CORPORATION, FOR AN
ADJUSTMENT IN ITS RATES AND
CHARGES AND THE ELECTRIC SERVICE
RULES, REGULATIONS AND CONDITIONS
OF SERVICE FOR ELECTRIC SERVICE IN
THE STATE OF OKLAHOMA AND TO
APPROVE VARIOUS COST RECOVERY
MECHANISMS AND TARIFFS

PUD 2025-000075

LARGE LOAD
SETTLEMENT TESTIMONY
OF
FRANK J. BELING
ON BEHALF OF
GENTNER F. DRUMMOND,
OKLAHOMA ATTORNEY GENERAL

June 26, 2026

PUD 2025-000075
Large Load Settlement Testimony of Frank J. Beling

I. INTRODUCTION

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Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Frank J. Beling, and my business address is 5555 North Grand Boulevard, Oklahoma City, Oklahoma 73112.

Q. PLEASE IDENTIFY YOUR EMPLOYER AND YOUR BUSINESS ADDRESS.

A. I am employed by C. H. Guernsey and Company ("Guernsey") its Analytical Solutions Group, and my current title is Executive Vice President. My primary areas of responsibility include rate analysis, power supply planning, and risk management.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am appearing on behalf of the Oklahoma Attorney General ("Attorney General").

Q. ARE YOU THE SAME FRANK J. BELING WHO FILED RESPONSIVE TESTIMONY IN THIS PROCEEDING ON MAY 15, 2026?

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CASE?

A. The purpose of my testimony is to recommend, on behalf of the Attorney General, that the Oklahoma Corporation Commission ("Commission") approve the Large Load Joint Stipulation and Settlement Agreement ("Large Load Joint Stipulation") filed by the parties in this Case to resolve all outstanding issues among the signing parties. The Large Load Joint Stipulation represents a fair, just, and reasonable resolution of outstanding issues and is in the public interest.

PUD 2025-000075
Large Load Settlement Testimony of Frank J. Beling

1 **Q. WERE YOU INVOLVED IN THE DISCUSSIONS THAT LED TO THE**
2 **PROPOSED LARGE LOAD JOINT STIPULATION?**

3 A. Yes. I participated in the discussions that occurred leading up to June 26th, 2026 that led
4 to the terms of the Large Load Joint Stipulation.

5 **II. OVERVIEW OF LARGE LOAD JOINT STIPULATION**

6 **Q. WHO ARE THE SIGNATORIES TO THE PROPOSED LARGE LOAD JOINT**
7 **STIPULATION?**

8 A. The signing parties include Google LLC, the Oklahoma Attorney General (“Attorney
9 General”), and the Oklahoma Corporation Commission’s Public Utility Division (“PUD”).

10 **Q. ARE THERE ANY PARTIES THAT ARE NOT SIGNATORIES TO THE**
11 **PROPOSED LARGE LOAD JOINT STIPULATION?**

12 A. Yes. At the time of filing this testimony the Public Service Company of Oklahoma
13 (“PSO”), AARP, Data Center Coalition (“DCC”), Oklahoma Industrial Energy Consumers
14 (“OIEC”), the Petroleum Alliance of Oklahoma, Walmart Inc., and the U.S. Department of
15 Defense and all other Federal Executive Agencies (“DOD”) are not signatories.

16 **Q. DOES THE PROPOSED LARGE LOAD JOINT STIPULATION ADDRESS THE**
17 **CREATION OF A SEPARATE LARGE LOAD TARIFF FRAMEWORK?**

18 A. Yes. The Stipulating parties agree that the Company shall establish a new, separate Large
19 Load Tariff (“LLT”) applicable to eligible customers with contract demand exceeding 75
20 MW at a single delivery point. This tariff will not be treated as a carve-out from the
21 Company’s existing large power and light tariff (“LPL Tariff”).

PUD 2025-000075
 Large Load Settlement Testimony of Frank J. Beling

1 **Q. DOES THE PROPOSED LARGE LOAD JOINT STIPULATION ALLOW**
 2 **MULTIPLE SERVICE OPTIONS FOR ELIGIBLE CUSTOMERS WITH**
 3 **CONTRACT DEMAND EXCEEDING 75 MW?**

4 A. Yes. The Stipulating parties agree that the LLT should include several flexible options for
 5 service, as shown below in Table 1.

Table 1 – Available Service Options under LLT

<u>Option</u>	<u>Generation Service</u>	<u>Delivery Service</u>
Option 1	Self-supply or bring-your-own-generation (“BYOG”) option under which a Customer takes no generation service from the Company	Company provides delivery service to Customer for its full needs
Option 2	Mixed service option under which a portion of Customer load is served by its own generation and a portion is served by the Company generation	Company provides delivery service to Customer for its full needs
Option 3	Full utility generation service option under which the Customer takes all generation service from the Company	Company provides delivery service to Customer for its full needs

6 **Q. DOES THE PROPOSED LARGE LOAD JOINT STIPULATION ADDRESS THE**
 7 **COST CAUSATION PROTECTIONS INTRODUCED IN THE DATA CENTER**
 8 **CUSTOMER PROTECTION ACT OF 2026?**

9 A. Yes. The Stipulating Parties intend for the tariff approved under this Large Load Joint
 10 Stipulation to comply with the Data Center Customer Protection Act of 2026 and any
 11 Commission rule, order, or directive implementing the Act. The Stipulating Parties further
 12 agree that the tariff will be interpreted, administered, and, if necessary, modified to protect
 13 residential, commercial, industrial, and other non large load customers from unjust rates

PUD 2025-000075
Large Load Settlement Testimony of Frank J. Beling

1 directly resulting from electric service to large load customers, and to ensure that costs and
2 revenues are assigned and allocated consistent with cost-causation principles.

3 **Q. PLEASE DESCRIBE HOW THE COST OF NEW REQUIRED DELIVERY**
4 **FACILITIES ARE HANDLED IN THE PROPOSED LARGE LOAD JOINT**
5 **STIPULATION.**

6 A. Large load customers will fully fund the direct-connect transmission and interconnection
7 facilities required to serve them, whether through a Contribution in Aid of Construction
8 (“CIAC”) or another Commission-approved mechanism, regardless of the service option
9 selected. These types of facilities would include delivery facilities that are not SPP-required
10 network upgrades.

11 **Q. PLEASE DESCRIBE HOW THE COST OF REQUIRED NETWORK UPGRADES**
12 **ARE HANDLED IN THE PROPOSED LARGE LOAD JOINT STIPULATION**
13 **FRAMEWORK.**

14 A. Large load customers will fully fund a portion of required network upgrades necessary to
15 prevent impacts on the Company’s transmission rates for existing customers. In other
16 words, the large load customers will prefund enough of the network upgrades such that
17 when the remaining new transmission costs of serving the load (network upgrades not pre-
18 funded, network transmission service, etc.) and the new billing units are added to the
19 Company rates, it does not result in a rate increase.

PUD 2025-000075
Large Load Settlement Testimony of Frank J. Beling

1 **Q. PLEASE DESCRIBE HOW THE UPWARD RATE PRESSURE FROM THE NEW**
2 **REQUIRED GENERATION FACILITIES IS ADDRESSED IN THE PROPOSED**
3 **LARGE LOAD JOINT STIPULATION.**

4 A. The upward rate pressure from the cost of new required generation facilities would be
5 mitigated by a System Impact Charge ("SIC"), which will be charged to new large load
6 customers. The SIC will be for the benefit of other Customer classes to prevent rate increase
7 resulting from incremental generation additions used to serve new large loads.

8 **Q. DOES THE PROPOSED LARGE LOAD JOINT STIPULATION INCLUDE**
9 **MECHANISMS THAT LIMIT THE RISK OF STRANDED INVESTMENT FOR**
10 **THE COMPANY?**

11 A. Yes. The proposed Large Load Joint Stipulation limits stranded investment risk through
12 long minimum contract terms, up-front customer funding for direct-connect and portions
13 of network upgrades, collateral requirements, minimum billing demand requirements, and
14 an exit fee. The Exit Fee would recover unrecovered and non-avoidable costs when the
15 customer terminates service.

16 **Q. DOES THE PROPOSED LARGE LOAD JOINT STIPULATION FRAMEWORK**
17 **INCLUDE A MECHANISM TO ENSURE NEW LARGE LOAD CUSTOMERS**
18 **ARE TREATED FAIRLY?**

19 A. Yes. The Proposed Joint Stipulation framework includes a true-up mechanism to ensure
20 that charges and allocations are fairly allocated. True-up mechanisms can help ensure that
21 new customers pay only costs properly attributable to their service, while also protecting
22 existing customers from cost shifts. True-up mechanisms can help ensure that new

PUD 2025-000075
Large Load Settlement Testimony of Frank J. Beling

1 customers pay only costs properly attributable to their service, while also protecting
2 existing customers from cost shifts.

3 **Q. DO THE SYSTEM IMPACT CHARGE AND TRUE-UP MECHANISMS**
4 **INCLUDED IN THE PROPOSED LARGE LOAD JOINT STIPULATION**
5 **FRAMEWORK REQUIRE FURTHER DEVELOPMENT?**

6 A. Yes. While the Proposed Large Load Joint Stipulation framework establishes the basic
7 structure for a true-up mechanism, additional detail will be required as the tariff is further
8 developed and implemented. I recommend that the Commission order the parties to
9 develop details to the framework that will accomplish the principles agreed to in the Large
10 Load Joint Stipulation.

11 **Q. DOES THE PROPOSED LARGE LOAD JOINT STIPULATION FRAMEWORK**
12 **FOLLOW COST CAUSATION PRINCIPLES?**

13 A. Yes. The proposed Large Load Joint Stipulation applies cost causation principles by
14 assigning costs from direct-connect facilities, incremental network upgrades, and
15 incorporating a system impact charge that will ensure that costs are allocated to each
16 customer class in a manner that follows cost-causation principles. The framework also
17 incorporates a true-up, to ensure that adjustments can be made in the event that cost-shifts
18 occur.

19 **Q. HAVE YOU INCLUDED AN EXAMPLE IMPLEMENTATION OF A TARIFF**
20 **BASED ON THE PRINCIPLES OUTLINED IN THE PROPOSED LARGE LOAD**
21 **JOINT STIPULATION?**

22 A. Yes. Attached Exhibit FJB-1 is an example implementation of a tariff. The example tariff
23 includes the principles included in the Large Load Joint Stipulation.

PUD 2025-000075
Large Load Settlement Testimony of Frank J. Beling

1

2

III. EVALUATION OF LARGE LOAD JOINT STIPULATION

3

**Q. DOES THE PROPOSED LARGE LOAD JOINT STIPULATION BY THE
STIPULATING PARTIES ADDRESS CONCERNS RAISED BY THE ATTORNEY
GENERAL?**

5

6

A. Yes. The Large Load Joint Stipulation addresses several concerns raised by the Attorney
General including rate impact to other customer classes, risk of stranded investment, and
fair allocation of costs.

7

8

9

**Q. DOES THE PROPOSED LARGE LOAD JOINT STIPULATION RESOLVE ALL
ISSUES RELATED TO THE LARGE LOAD TARIFF, OR WILL FURTHER
DEVELOPMENT BE NECESSARY?**

10

11

12

A. While the proposed tariff framework does not resolve every implementation issue that may
arise, it provides an appropriate starting point for further development. If additional tariff
provisions are developed through subsequent discussions or filings, the parties involved in
the Large Load Joint Stipulation should be included to ensure their interests and concerns
are appropriately considered.

13

14

15

16

17

**Q. SHOULD THE ATTORNEY GENERAL'S ASSENT TO ANY TERM IN THIS
PROPOSED LARGE LOAD JOINT STIPULATION BE CONSTRUED AS
ADVOCATING FOR SIMILAR TREATMENT IN OTHER CASES?**

18

19

20

A. No. The Large Load Joint Stipulation is only to be viewed in its totality. It represents a
negotiated position where parties receive certain terms in exchange for others. The Joint
Stipulation is not precedential and should not be relied on as a representation of the
Attorney General in future matters.

21

22

23

PUD 2025-000075
Large Load Settlement Testimony of Frank J. Beling

1 **Q. IS THE PROPOSED LARGE LOAD JOINT STIPULATION IN THE PUBLIC**
2 **INTEREST?**

3 A. Yes. The Large Load Joint Stipulation balances the interests of all the Stipulating Parties,
4 and represents a fair, just, and reasonable means to resolve the outstanding issues related
5 to new large loads in this Case through reasonable compromise.

6 Q. WHAT IS YOUR RECOMMENDATION?

7 A. On behalf of the Attorney General, I recommend that the Commission approve the Large
8 Load Joint Stipulation and Settlement Agreement reached by the Stipulating parties.

IV. CONCLUSION

10 Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.

11 A. The Large Load Joint Stipulation will establish a separate large load tariff, includes flexible
12 service options, assigns costs consistent with cost-causation principles, and contains
13 protections intended to limit cost shifts and stranded investment risk. For these reasons, I
14 recommend that the Commission approve the Large Load Joint Stipulation and Settlement
15 Agreement reached by the parties.

16 Q. DO YOU HAVE ANY ADDITIONAL COMMENTS?

17 A. Yes. My testimony is limited to the subject matters discussed. The Commission and the
18 stakeholders should not infer my agreement with or support for a subject matter not covered
19 in this testimony.

20 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

21 A. Yes, it does.

14

PUBLIC SERVICE COMPANY OF OKLAHOMA
P.O. BOX 201
TULSA, OKLAHOMA 74102-0201

ORIGINAL SHEET NO. 20A - 1
EFFECTIVE DATE: [PENDING OCC APPROVAL]

SCHEDULE: LARGE LOAD SERVICE (LLS)

RATE CODES 250, 252, 254

1. PURPOSE, STATUTORY BASIS, AND AVAILABILITY

This Schedule sets out the separate terms, conditions, and tariff for large load customers required by the Data Center Consumer Ratepayer Protection Act of 2026, HB2992 (the "Act"), effective July 1, 2026. It is a separate, stand-alone schedule and is not a carve-out from Schedule LPL or any other schedule. Consistent with the Act, this Schedule is intended to protect other customer classes from unjust rates caused by large load customers, to assign costs on a cost-causation basis, and to maintain separate terms and a separate tariff for such customers, and it shall be interpreted, administered, and if necessary modified to conform to the Act and to any Commission rule or order. HB2992, §§ 3–4.

This Schedule is available to any retail customer with a Contract Demand (the maximum demand the Company agrees to make available at the delivery point) exceeding 75 MW at a single delivery point, regardless of the level, if any, of behind-the-meter or self-supplied generation, on or after July 1, 2026. A written Service Agreement is required; service is provided at one delivery point and standard voltage; and a Customer taking service under this Schedule shall not concurrently take service under any other retail schedule for the same load.

2. SERVICE OPTIONS

Each Customer shall elect one of the following Service Options in its Service Agreement:

Option 1 — Self-Supply / BYOG (Rate Code ____). The Customer takes no generation service from the Company and may self-supply up to 100% of its capacity and energy under Rider SSS.

Option 2 — Partial Requirements (Rate Code ____). Part of the load is served as Option 1 (self-supplied) and the remainder as Option 3 (Company-served). Wherever a term below differs by Option, Option 1 terms apply to the Option 1 portion of load and Option 3 terms apply to the Option 3 portion.

Option 3 — Full Requirements (Rate Code ____). The Customer takes all of its generation (capacity and energy) from the Company and does not self-supply.

3. CONTRACT TERM

Option 1. Not less than ten (10) years, the minimum required by law, subject to the Act's exception for certain public power utilities using tax-exempt financing. 17 O.S. § 903.

Option 2. Option 1 term for the Option 1 portion; Option 3 term for the Option 3 portion.

Option 3. Fifteen (15) years, which may include a Customer-elected load ramp of up to five (5) years.

Rates Authorized by the Oklahoma Corporation Commission
Effective Date: [Pending Order]

PROPOSED — FOR APPROVAL

PUBLIC SERVICE COMPANY OF OKLAHOMA
P.O. BOX 201
TULSA, OKLAHOMA 74102-0201

ORIGINAL SHEET NO. 20A - 2
EFFECTIVE DATE: [PENDING OCC APPROVAL]

SCHEDULE: LARGE LOAD SERVICE (LLS) RATE CODES 250, 252, 254

As described in "Option 2" above, the contract terms shall be independent between load served under Option 1 and Option 3.

4. CONTRIBUTION IN AID OF CONSTRUCTION AND NETWORK UPGRADES

For all Service Options, the Customer shall fund up front, through a Contribution in Aid of Construction (CIAC), the full cost of the direct-connect facilities required to serve its load, and shall prefund a portion of the required network upgrades sufficient to prevent any increase in the Company's transmission rate to existing customers.

For all Service Options, the Customer shall fund up front, through a CIAC, 100% of the direct-connect facilities cost, and shall prefund network upgrades as follows:

- a. **Studies.** The Company shall complete a System Impact Study and Facilities Study using the same planning criteria, models, and unit costs applied to all transmission customers, and shall share all results and workpapers with the Customer.
- b. **Prefunded Amount.** Equal to the network upgrade costs directly assignable to the Customer under a Commission-approved cost-causation allocation, sized to hold the transmission rate charged to non-Schedule customers at or below the level that would prevail absent the Customer's load.
- c. **Certification.** The Company shall file a sworn rate-neutrality certification with supporting calculations.
- d. **Refunds.** Prefunded amounts are refundable under FERC Order 2003 Attachment Z crediting, capped at the Prefunded Amount, without interest.
- e. **Uniform Application.** Identical inputs and methodology shall apply to all Schedule Customers.
- f. **True-Up Applicability.** The Prefunded Amount, supporting studies, cost-causation allocation, and rate-neutrality certification are subject to reconciliation under the Section 8 True-Up Mechanism, with symmetrical adjustments, refunds, or additional contributions as warranted.

5. RATES, BILLING DEMAND, AND MINIMUM CHARGES

Base Service Charge. \$280.00 per month (the current Schedule LPL charge, interim and subject to cost-of-service determination and the True-Up Mechanism).

Rates Authorized by the Oklahoma Corporation Commission
Effective Date: [Pending Order]

PROPOSED — FOR APPROVAL

PUBLIC SERVICE COMPANY OF OKLAHOMA
P.O. BOX 201
TULSA, OKLAHOMA 74102-0201

ORIGINAL SHEET NO. 20A - 3
EFFECTIVE DATE: [PENDING OCC APPROVAL]

SCHEDULE: LARGE LOAD SERVICE (LLS)

RATE CODES 250, 252, 254

Generation Service Charges. A generation capacity charge (\$/kW) and a generation energy charge (\$/kWh) apply to load taking Company generation service (all Option 3 load and the Option 3 portion of Option 2). For self-supplied load under Rider SSS, both charges are \$0.00.

Transmission and Rider Charges. Transmission and applicable rider charges shall continue to apply based on the customer's total metered demand under each Option.

System Impact Charge. An adder that will mitigate possible rate increase to other Customer classes. The System Impact Charge may be zero if the addition of the Customer and associated generation could not cause a rate increase to other Customer classes.

Rate setting. The generation, delivery, and transmission charges, and the allocation between them, shall be established and adjusted in a general rate case or other Commission-approved proceeding consistent with the Act's cost-causation requirements and the True-Up Mechanism; the corresponding Schedule LPL levels apply on an interim basis.

Billing Demand. For each Option the monthly Billing Demand shall be not less than 80% of Contract Demand, determined under the Service Agreement either by (a) automatically increasing Contract Demand to any higher metered peak, or (b) physically limiting the Customer's load to Contract Demand. For Option 2 the floor and the elected method apply separately to each portion.

Minimum Monthly Bill. The Base Service Charge plus: for Option 1, the minimum transmission charges on Billing Demand and non-generation riders at actual usage; for Option 2, each Option's minimum applied to its portion; and for Option 3, the minimum transmission charges and generation demand charges on Billing Demand and all riders at actual usage.

The System Contribution Rider does not apply to any Service Option under this Schedule.

6. COLLATERAL AND CREDIT SUPPORT

Option 1. None required.

Option 2. Option 1 terms for the Option 1 portion (none); Option 3 terms for the Option 3 portion.

Option 3. Collateral or credit support equal to forty-eight (48) months of non-fuel minimum bills, recomputed annually, provided in one or more of the following forms:

- a. A guarantee from the ultimate parent or a corporate affiliate of the Large Load Customer for the full Collateral Requirement, so long as the guarantor has both (a) a credit rating of at least A- from S&P and A3 from Moody's and (b) liquidity greater than ten times the Collateral Requirement; or
- b. A standby irrevocable letter of credit ("Letter of Credit") for the full Collateral Requirement. The Letter of Credit must be issued by a U.S. bank or the U.S. branch of a foreign bank, which is not affiliated with the Large Load Customer or its guarantor, with a Credit Rating of at least A- from S&P and A3 from Moody's. Such security must be issued for a minimum term

Rates Authorized by the Oklahoma Corporation Commission
Effective Date: [Pending Order]

PROPOSED — FOR APPROVAL

PUBLIC SERVICE COMPANY OF OKLAHOMA
P.O. BOX 201
TULSA, OKLAHOMA 74102-0201

ORIGINAL SHEET NO. 20A - 4
EFFECTIVE DATE: [PENDING OCC APPROVAL]

SCHEDULE: LARGE LOAD SERVICE (LLS)

RATE CODES 250, 252, 254

of 360 days. The Large Load Customer must cause the renewal or extension of the security for additional consecutive terms of 360 days or more no later than 30 days prior to each expiration date of the security. If the security is not renewed or extended as required herein, the Company will have the right to draw immediately upon the Letter of Credit and be entitled to hold the amounts so drawn as security. The Letter of Credit must be in a format acceptable to and approved by the Company; or

c. Cash for the full Collateral Requirement.

7. EXIT AND EARLY TERMINATION

Option 1. The Customer may exit at any time with no exit fee.

Option 2. Option 1 terms for the Option 1 portion; Option 3 terms for the Option 3 portion.

Option 3. The Customer may give notice of exit after sixty (60) months of initial service and notice to terminate shall be 24 months. The exit fee equals the net present value, discounted at the Commission-approved carrying-charge rate, of the remaining costs directly assigned to the Customer, following cost-causation principles in Section 8, over the remaining Contract Term, comprising: (a) unrecovered capital investment in generation, transmission, and direct-connect facilities; and (b) non-terminable contractual commitments incurred to serve, or for the benefit of, the Customer. The fee excludes (i) financial obligations the Company can terminate and (ii) any plant, CPA, or PPA usable to serve net-new load, and shall be reduced by mitigation under this Section. The calculation shall be itemized, auditable, and subject to Section 8 reconciliation.

Following receipt of proper notice, through the Exit Fee Period, the Company will use reasonable efforts, consistent with its obligations as a public utility, to mitigate the Exit Fee amount owed or paid by the Large Load Customer by evaluating the opportunity to assign the terminated/reduced capacity to serve new Large Load Customers, to expand service to existing Large Load Customers, or otherwise secure offsetting expected revenues. The remainder of any mitigating amounts owed to the Large Load Customer shall be delivered to the Large Load Customer, or its designated successor, after all outstanding balances have been resolved.

If there is an issue concerning the calculation of the Exit Fee or delivery of any mitigation amounts, that either the Company or Large Load Customer view as in need of escalation, either the Company or Large Load Customer may request escalation. Such request shall be made in writing and within 14 business days of the Large Load Customer being notified regarding the Exit Fee calculation. In such instance, management representatives for the Company and for the Large Load Customer will discuss and seek to resolve any issues. The management discussion shall occur within 14 business days of a request, unless otherwise agreed to in writing by the Company and Large Load Customer. The Company and Large Load Customer agree to use this escalation process in good faith, escalating only those matters appropriate for

Rates Authorized by the Oklahoma Corporation Commission
Effective Date: [Pending Order]

PROPOSED — FOR APPROVAL

PUBLIC SERVICE COMPANY OF OKLAHOMA
P.O. BOX 201
TULSA, OKLAHOMA 74102-0201

ORIGINAL SHEET NO. 20A - 5
EFFECTIVE DATE: [PENDING OCC APPROVAL]

SCHEDULE: LARGE LOAD SERVICE (LLS) RATE CODES 250, 252, 254

management's consideration. This dispute resolution process does not limit or otherwise affect the ability of either Large Load Customer or the Company to file a formal proceeding requesting the Commission to resolve the dispute.

8. TRUE-UP MECHANISM

Purpose and Scope. In each general rate case, fuel adjustment clause review, or other Commission-approved proceeding dedicated to this Tariff or True-ups related to this Tariff, the Company shall apply a standardized, customer-specific reconciliation to ensure that costs and revenues under this Schedule are assigned on a documented cost-causation basis and that neither other customer classes nor the Large Load Customer bears costs not fairly allocated to it.

Commission-Approved Methodology. Before any true-up amount may be billed, credited, deferred, or included in collateral, CIAC, network-upgrade balances, or exit-fee calculations, the Company shall use a Commission-approved methodology, template, materiality threshold, carrying-charge rate, and data-input protocol. The same methodology shall be applied uniformly to similarly situated Customers.

Annual Informational Filing. By [date] each year, the Company shall file and serve on each affected Customer a standardized reconciliation report showing:

- a. directly assigned costs;
- b. allocated costs and allocation factors;
- c. revenues collected;
- d. CIAC and network-upgrade balances;
- e. collateral and exit-fee assumptions;
- f. mitigation, offsets, credits, third-party contributions, and avoided costs;
- g. any under- or over-collection; and
- h. whether any cost shift to or from other customer classes occurred.

Symmetrical Prospective Adjustments. After notice, opportunity for review, and Commission approval, material variances of [2%] or more may be reflected prospectively through rates, riders, credits, refunds, collateral, CIAC balances, network-upgrade balances, or exit-fee inputs. Under-collections shall be recovered only from the affected Customer. Over-collections shall be refunded or credited to the affected Customer. Adjustments shall include the same Commission-approved carrying-charge rate for both under- and over-collections.

Deferral Treatment. Any regulatory asset or liability shall be recorded only if authorized in advance by the Commission and shall apply symmetrically to under- and over-collections.

Customer Rights and Disputes. The Customer may review and audit supporting workpapers under reasonable confidentiality protections, contest any proposed adjustment, invoke the Section 7 escalation process, and seek Commission resolution. Only undisputed or Commission-approved amounts may be reflected in bills or security requirements.

Rates Authorized by the Oklahoma Corporation Commission
Effective Date: [Pending Order]

PROPOSED — FOR APPROVAL

PUBLIC SERVICE COMPANY OF OKLAHOMA
P.O. BOX 201
TULSA, OKLAHOMA 74102-0201

ORIGINAL SHEET NO. 20A - 6
EFFECTIVE DATE: [PENDING OCC APPROVAL]

SCHEDULE: LARGE LOAD SERVICE (LLS)

RATE CODES 250, 252, 254

Rate-Shock Protection. Unless the Commission finds extraordinary circumstances, no annual net adjustment may exceed [10%] of the Customer's prior-year billed amount, and any excess shall be amortized over at least [12] months with 90 days' written notice.

No Retroactive Ratemaking. No adjustment shall be retroactive unless expressly authorized by law and approved by the Commission through a pre-existing deferral, tracker, rider, or other lawful mechanism. This Section does not authorize retroactive ratemaking, recovery of imprudent costs, double recovery, retention of over-collections, or shifting of Large Load Customer costs to other customer classes.

System Impact Charges and Revenues. Revenues and benefits produced by any System Impact Charges shall be for the benefit of other Customer classes to mitigate potential rate increases. Any such revenues shall be credited to other Customer classes through the Fuel Adjustment Clause and shall not benefit Customers taking service under this Large Load Tariff.

9. RIDER SSS — SELF-SUPPLY SERVICE

A Customer with a verified peak demand of 75 MW or more at a single delivery point may self-supply up to 100% of its capacity and energy through a qualified third-party wholesale supply or behind-the-meter generation. Rider SSS applies to Option 1 and to the Option 1 (self-supplied) portion of Option 2; it does not apply to Option 3.

For load served under this Rider, the generation capacity and energy charges are \$0.00/kW and \$0.00/kWh, the self-supplied load is not subject to fuel adjustment or any generation-related rider, and delivery, transmission, and applicable rider charges continue to apply on the Customer's total metered demand.

10. GENERAL PROVISIONS

Billing Adjustments. Self-supplied load under Rider SSS is not subject to fuel adjustment on the self-supplied portion.

Terms of Payment. Bills are due by the due date; unpaid amounts are assessed a late charge of 1½% per month.

Conformance with the Act. Compliance with the Act is a condition of serving large load customers, and the Commission may promulgate rules and enforce the Act within its jurisdiction. HB2992, § 6. If any provision of this Schedule conflicts with the Act, a Commission rule, or a Commission order, this Schedule shall be deemed modified to conform while preserving, to the maximum extent lawful, its intended effect, and no provision shall be construed to limit the Act.

Rates Authorized by the Oklahoma Corporation Commission
Effective Date: [Pending Order]

PROPOSED — FOR APPROVAL

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE
COMPANY OF OKLAHOMA, AN
OKLAHOMA CORPORATION, FOR AN
ADJUSTMENT IN ITS RATES AND
CHARGES AND THE ELECTRIC SERVICE
RULES, REGULATIONS AND CONDITIONS
OF SERVICE FOR ELECTRIC SERVICE IN
THE STATE OF OKLAHOMA AND TO
APPROVE VARIOUS COST RECOVERY
MECHANISMS AND TARIFFS

PUD 2025-000075

SETTLEMENT TESTIMONY OF BRICE D. BETCHAN
ON BEHALF OF
GENTNER F. DRUMMOND, OKLAHOMA ATTORNEY GENERAL

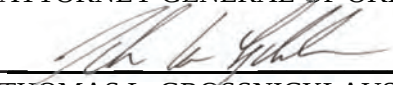
Gentner F. Drummond, the Attorney General of Oklahoma, on behalf of the utility customers of this State, hereby submits the Settlement Testimony of Brice D. Betchan in the proceeding referenced above. The Attorney General urges close consideration of the testimony.

CASE PUD 2025-000075 ENTRY NO. 784 FILED IN OCC COURT CLERK'S OFFICE ON 06/26/2026 - PAGE 2 OF 20

PUD 2025-000075
Settlement Testimony of Brice D. Betchan

Respectfully submitted,

GENTNER F. DRUMMOND
ATTORNEY GENERAL OF OKLAHOMA



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PUD 2025-000075
Settlement Testimony of Brice D. Betchan

CERTIFICATE OF SERVICE

On this 26th day of June 2026, a true and correct copy of the *Settlement Testimony of Brice D. Betchan on Behalf of Gentner F. Drummond, Oklahoma Attorney General* was sent via electronic mail to the following interested parties:

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CASE PUD 2025-000075 ENTRY NO. 784 FILED IN OCC COURT CLERK'S OFFICE ON 06/26/2026 - PAGE 4 OF 20

PUD 2025-000075
Settlement Testimony of Brice D. Betchan

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THOMAS L. GROSSNICKLAUS
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BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE
COMPANY OF OKLAHOMA, AN
OKLAHOMA CORPORATION, FOR AN
ADJUSTMENT IN ITS RATES AND
CHARGES AND THE ELECTRIC SERVICE
RULES, REGULATIONS AND CONDITIONS
OF SERVICE FOR ELECTRIC SERVICE IN
THE STATE OF OKLAHOMA AND TO
APPROVE VARIOUS COST RECOVERY
MECHANISMS AND TARIFFS

PUD 2025-000075

SETTLEMENT TESTIMONY

OF

BRICE D. BETCHAN

ON BEHALF OF

GENTNER F. DRUMMOND,

OKLAHOMA ATTORNEY GENERAL

June 26, 2026

PUD 2025-000075
Settlement Testimony of Brice D. Betchan

I. Introduction

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Q. PLEASE STATE YOUR NAME.

A. My name is Brice D. Betchan.

Q. PLEASE IDENTIFY YOUR EMPLOYER AND YOUR BUSINESS ADDRESS.

A. I am employed by the Oklahoma Office of the Attorney General ("Attorney General"). My business address is 313 NE 21st Street, Oklahoma City, Oklahoma 73105.

Q. ARE YOU THE SAME BRICE D. BETCHAN WHO FILED RESPONSIVE TESTIMONY IN THIS PROCEEDING ON MAY 1, 2026?

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CASE?

A. The purpose of my testimony is to recommend, on behalf of the Attorney General, that the Oklahoma Corporation Commission ("Commission") approve the Joint Stipulation and Settlement Agreement ("Joint Stipulation") filed by the parties in this Case to resolve all outstanding issues among the signing parties, except for the Large Load Tariff component. The Joint Stipulation represents a fair, just, and reasonable resolution of all outstanding issues except for the Large Load Tariff component and is in the public interest.

Q. WERE YOU INVOLVED IN THE DISCUSSIONS THAT LED TO THE JOINT STIPULATION?

A. Yes. I was present for the robust discussions that began on June 3, 2025, and continued through June 26, 2025, and which led to the terms of the Joint Stipulation.

Q. LOGISTICALLY, HOW WERE THESE DISCUSSIONS CONDUCTED?

A. These discussions were held via teleconference. Settlement discussions consisted of numerous hours of negotiation.

PUD 2025-000075
Settlement Testimony of Brice D. Betchan

1 **II. Overview of the Revenue Requirement Joint Stipulation**

2 **Q. WHO ARE THE PARTIES TO THE CASE?**

3 A. The parties are Public Service Company of Oklahoma (“PSO” or “Company”), the
4 Corporation Commission’s Public Utility Division (“PUD”), Google LLC, U.S.
5 Department of Defense and all other Federal Executive Agencies (“DOD”), Walmart Inc.,
6 Oklahoma Industrial Energy Consumers (“OIEC”), AARP, Data Center Coalition
7 (“DCC”), Petroleum Alliance of Oklahoma, and the Office of the Oklahoma Attorney
8 General (“Attorney General”).

9 **Q. WHICH PARTIES FILED REVENUE REQUIREMENT TESTIMONY?**

10 A. PSO, PUD, OIEC, and the Attorney General filed revenue requirement testimony on a
11 comprehensive list of issues. The Petroleum Alliance of Oklahoma filed revenue
12 requirement testimony related to a limited number of issues.

13 **Q. WHICH PARTIES FILED COST OF SERVICE OR RATE DESIGN**
14 **TESTIMONY?**

15 A. Each of the parties to the case filed cost of service or rate design testimony on various
16 issues.

17 **Q. WHO ARE THE SIGNATORIES TO THIS JOINT STIPULATION?**

18 A. The signatories to the Joint Stipulation are PSO, PUD, AARP, Petroleum Alliance of
19 Oklahoma, and the Attorney General.

PUD 2025-000075
Settlement Testimony of Brice D. Betchan

1 **Q. ARE THERE ANY PARTIES THAT ARE NOT SIGNATORIES TO THE JOINT**
2 **STIPULATION?**

3 A. Yes. OIEC, Google LLC, DOD, DCC, and Walmart Inc. did not sign the Joint Stipulation.
4 Currently, it is unclear which of these parties oppose the Joint Stipulation and which do
5 not object to the Joint Stipulation.

6 **Q. PLEASE SUMMARIZE THE RATE CHANGE AGREED TO IN THE JOINT**
7 **STIPULATION.**

8 A. The Stipulating Parties agreed to a settlement that results in a revenue deficiency of \$447.1
9 million. However, most of the deficiency results from previously authorized rider
10 collections of \$236.7 million which are being rolled into base rates. These rider costs
11 include costs from the Dispatchable Resource Rider, Renewable Resource Rider, Tax
12 Change Rider, SPP Transmission Rider, and the GEAR Rider. While the Joint Stipulation
13 also outlines approximately \$61.7 million of Production Tax Credits (“PTC”) related to
14 PSO’s renewable resources moving to base rates, these PTC offsets are realized in PSO’s
15 fuel rider. Another offset to PSO’s revenue deficiency is \$76 million of unprotected
16 deferred tax liabilities (“DTL”) that are being amortized to customers each year for two
17 years, for a total DTL amortization of approximately \$152 million. While PSO’s revenue
18 deficiency of \$447.1 million results in a 39 percent base rate change, a decrease from PSO’s
19 six-month updated request of 54 percent, PSO’s net revenue deficiency of \$72.7 results in
20 a total bill change of 5 percent.

PUD 2025-000075
Settlement Testimony of Brice D. Betchan

1 **Q. HAVE THE STIPULATING PARTIES AGREED TO ANY ADJUSTMENTS THAT**
2 **REDUCE PSO’S BASE REVENUE DEFICIENCY AS FILED?**

3 A. Yes. When the Company initially filed its Application in this rate proceeding, PSO
4 requested a \$597.2 million increase to base rates. Upon its six-month update for known
5 and measurable changes pursuant to Title 17, Section 284 of the Oklahoma Statutes, PSO’s
6 requested increase grew to \$606.9 million. The Stipulating Parties agreed to \$159.8 million
7 of revenue requirement reductions to PSO’s updated request, which includes the following:

- 8 • A \$39.3 million reduction in revenue requirement resulting from the use of a 9.375
9 percent return on equity (“ROE”) and PSO’s filed capital structure of 49.85 percent
10 equity;
- 11 • A \$32.3 million reduction in revenue requirement resulting from the adjustment of
12 depreciation and amortization expense;
- 13 • A \$37.2 million reduction in revenue requirement resulting from adjusting PSO’s
14 annual storm damage expense;
- 15 • A \$22.8 million reduction in revenue requirement resulting from adjusting PSO’s
16 requested storm damage regulatory asset to a 7-year amortization period;
- 17 • A \$7.4 million reduction in revenue requirement resulting from adjusting incentive
18 compensation;
- 19 • A \$4.3 million reduction in revenue requirement resulting from adjusting payroll
20 expense;
- 21 • A \$0.8 million reduction in revenue requirement resulting from the removal of
22 supplemental executive retirement plan (“SERP”) expenses and pension settlement
23 amortization;

PUD 2025-000075
Settlement Testimony of Brice D. Betchan

- 1 • A \$2.3 million reduction in revenue requirement resulting from adjusting PSO's
2 Performance Based Accreditation ("PBA") regulatory asset to three year
3 amortization; and
4 • A \$13.4 million reduction in revenue requirement resulting from other adjustments.

5 **Q. PLEASE DETAIL THE COST OF CAPITAL AGREED TO IN THE JOINT**
6 **STIPULATION.**

7 A. The Stipulating Parties agrees to a rate of return on common equity ("ROE") of 9.375
8 percent, a capital structure of 50.15 percent debt/49.85 percent equity, and a weighted
9 average cost of capital ("WACC") grossed up for taxes of 8.57 percent. An ROE of 9.375
10 percent is consistent with the Attorney General's recommended ROE; meanwhile, the
11 settled capital structure is consistent with PSO's actual capital structure, which was
12 supported by the PSO, PUD, and the Attorney General.

13 **Q. PLEASE SUMMARIZE THE DEPRECIATION AND AMORTIZATION RATES**
14 **AGREED TO IN THE JOINT STIPULATION.**

15 A. The Stipulating Parties agreed to the depreciation and amortization rates consistent with
16 the recommendation of PUD.

17 **Q. PLEASE SUMMARIZE THE COMPANY'S STORM DAMAGE EXPENSE**
18 **AGREED TO IN THE JOINT STIPULATION.**

19 A. PSO requested storm damage expense in base rates is \$44.8 million. The Joint Stipulation
20 provides for approximately \$7.6 million of storm damage expense in base rates, which is
21 consistent with the recommendations of the PUD and the Attorney General.

PUD 2025-000075
Settlement Testimony of Brice D. Betchan

1 **Q. PLEASE SUMMARIZE THE COMPANY’S AMORTIZATION OF ITS STORM**
2 **DAMAGE REGULATORY ASSET AGREED TO IN THE JOINT STIPULATION.**

3 A. The Company requested a 3-year amortization period for its storm damage regulatory asset.
4 The Joint Stipulation provides for a 7-year amortization period for PSO’s storm damage
5 regulatory asset. The 7-year amortization period is consistent with the Attorney General’s
6 recommendation.

7 **Q. PLEASE SUMMARIZE THE COMPANY’S INCENTIVE COMPENSATION**
8 **AGREED TO IN THE JOINT STIPULATION.**

9 A. The Joint Stipulation provides for the removal of 50 percent of short-term and 100 percent
10 of long-term incentive compensation expense from PSO’s requested revenue requirement.
11 The removal of 50 percent of short-term and 100 percent of long-term incentive
12 compensation is consistent with the recommendations of the Attorney General and OIEC.

13 **Q. PLEASE SUMMARIZE THE COMPANY’S PAYROLL EXPENSE AGREED TO**
14 **IN THE JOINT STIPULATION.**

15 A. The Joint Stipulation reduces PSO’s requested revenue requirement by \$4.3 million related
16 to payroll expense adjustments after the six-month update period. These payroll expense
17 adjustments are consistent with recommendations of PUD, the Attorney General and OIEC.
18 This adjustment also includes that severance expense will not be recovered from customers.

19 **Q. PLEASE SUMMARIZE THE SUPPLEMENTAL EXECUTIVE RETIREMENT**
20 **PLAN (“SERP”) EXPENSES AND PENSION SETTLEMENT AMORTIZATION**
21 **AGREED TO IN THE JOINT STIPULATION.**

22 A. The Joint Stipulation provides that PSO will not recover SERP expenses from customers.
23 Non-recovery is consistent with the recommendations of PUD, the Attorney General, and

PUD 2025-000075
Settlement Testimony of Brice D. Betchan

1 OIEC. The Joint Stipulation provides that PSO will not recover pension settlement
2 amortization or the related regulatory asset consistent with the recommendation of the
3 Attorney General.

4 **Q. PLEASE SUMMARIZE THE COMPANY’S AMORTIZATION OF ITS**
5 **PERFORMANCE BASED ACCREDITATION REGULATORY ASSET AGREED**
6 **TO IN THE JOINT STIPULATION.**

7 A. The Company requested a 2-year amortization period for its performance based
8 accreditation (“PBA”) regulatory asset. The Joint Stipulation provides for a 3-year
9 amortization period for PSO’s PBA regulatory asset. The 3-year amortization period is
10 between PSO’s requested 2-year amortization period and the 5-year amortization period
11 recommended by the PUD and the Attorney General.

12 **Q. PLEASE SUMMARIZE THE OTHER ADJUSTMENTS AGREED TO IN THE**
13 **JOINT STIPULATION.**

14 A. The Joint Stipulation provides for a \$13.4 million dollar reduction to PSO’s requested
15 revenue requirement for other adjustments. Of this amount, \$13.3 million relates circular
16 items within PSO’s revenue requirement. These items are a function of adjusting other
17 portions of PSO’s revenue requirement. These items are cash working capital, income
18 taxes, and factoring. The remaining \$0.1 million relates to removing chamber of commerce
19 dues from PSO’s revenue requirement.

20 **Q. WHAT ARE OTHER PROVISIONS THAT THE STIPULATING PARTIES HAVE**
21 **INCLUDED IN THE JOINT STIPULATION?**

22 A. In addition, the Stipulating Parties have agreed to the following provisions:

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- 1 • The Stipulating Parties agree that PSO's current Deferred Tax Liabilities ("DTL")
2 related to tax repairs be credited to customers over a two-year period through PSO's
3 Tax Change Rider. PSO shall be authorized to establish a regulatory asset ("DTL
4 Regulatory Asset") in the amount necessary to provide the Tax Change Rider credits
5 over the two year period. PSO will amortize the DTL Regulatory Asset over the life of
6 the underlying plant for which the deferred tax liabilities were established and recover
7 the amortization expense through the Tax Change Rider. The DTL Regulatory Asset
8 will earn a return at PSO's authorized after-tax WACC as an offset to base rate DTLs.
- 9 • The Stipulating Parties agree that the trim cycle vegetation management should be
10 approved consistent with Company Witness Devereux THD-R Figure 3: \$27M in base
11 rates consistent with PSO's Application, \$13M eligible for deferral through a regulatory
12 asset for the first year of implemented rates, and \$4M eligible for deferral through a
13 regulatory asset for each year thereafter until PSO's next rate case.
- 14 • The Stipulating Parties agree that the Southwest Power Pool Transmission Cost Rider
15 recommendation should be approved as proposed by PSO. PSO agrees to update class
16 allocators annually. PSO also agrees that PUD and other parties retain the right to
17 advocate different positions in future base rate cases.
- 18 • The Stipulating Parties agree that the Grid Enhancement And Reliability ("GEAR")
19 Rider shall sunset on December 31, 2029, and the rider shall be capped at \$6M annual
20 recovery going forward. PSO may request additional GEAR Rider recovery in PSO's
21 next rate case.
- 22 • The Stipulating Parties agree that the Renewable Resource Rider sunset shall be
23 extended as proposed by PSO to accommodate the Algodon facility in-service date.

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- 1 • The Stipulating Parties agree that the second Net Operating Loss Carryforward
2 ("NOLC") IRS Private Letter Ruling (PLR) is still pending. Therefore, the Stipulating
3 Parties agree to continue to treat the NOLC as ordered in Case No. PUD 2024-000032
4 and the AG, PUD, and other parties retain the right to advocate for a different NOLC
5 calculation methodology in future base rate cases pending receipt of the Second IRS
6 PLR.
- 7 • The Stipulating Parties agree that PSO's proposed Curtailable Service Tariffs ("CST")
8 shall be approved.
- 9 • The Stipulating Parties agree that PSO's proposed modification to the semi-annual
10 redetermination dates in the Fuel Cost Adjustment Rider will be updated, shifting from
11 May and November to February and August.
- 12 • The Stipulating Parties, with the exception of The Petroleum Alliance of Oklahoma,
13 agree that PSO's proposed 12 CP transmission cost allocation, 85% energy / 15%
14 demand allocation for wind facilities, and 38% energy / 62% demand allocation for
15 solar facilities should be approved.
- 16 • The Stipulating Parties agree that all uncontested tariff changes proposed by PSO shall
17 be considered approved.
- 18 • The Stipulating Parties agree PSO's proposed Large Power and Light ("LPL") and
19 Large Load Power ("LLP") tariffs filed in Rebuttal Testimony shall be an open issue
20 to be finalized at hearing.

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1 III. Bill Impacts

2 Q. PLEASE SUMMARIZE THE BILL IMPACT PERCENTAGES RESULTING
3 FROM THE SETTLEMENT.

4 A. Using the 12CP and other renewable allocation methodologies agreed to in the Joint
5 Stipulation, below are the impacts:

Class Impacts (\$Million)

Class	Present Revenue	Proposed Increase	Offsets	Base Increase %	Total Bill Increase %
Residential	919.92	170.12	(170.54)	29%	1%
Lighting	26.09	7.52	(2.75)	36%	19%
Commercial	573.82	118.66	(100.87)	37%	5%
SL3	152.99	47.47	(31.84)	65%	12%
SL2	231.44	76.56	(50.83)	82%	14%
SL1	71.52	26.61	(17.61)	96%	15%
Wholesale	0.52	0.25	-	132%	48%
Total	1,976.30	447.18	(374.43)	39%	5%

6 This compares with using the 4CP A&E methodology for renewables and transmission
7 below:

Class Impacts (\$Million) - 4CP A&E Renewables+Transmission

Class	Present Revenue	Proposed Increase	Offsets	Base Increase %	Total Bill Increase %
Residential	919.92	229.45	(173.39)	38%	7%
Lighting	26.09	7.71	(2.76)	37%	20%
Commercial	573.82	108.55	(100.37)	34%	3%
SL3	152.99	34.08	(31.20)	47%	4%
SL2	231.44	48.40	(49.48)	52%	2%
SL1	71.52	18.65	(17.22)	67%	5%
Wholesale	0.52	0.28	-	147%	54%
Total	1,976.30	447.12	(374.43)	39%	5%

8 Q. PLEASE SUMMARIZE THE BILL IMPACT AMOUNTS FOR THE
9 RESIDENTIAL RATE CLASS.

10 A. Below is a summary of the rate impacts for the residential rate class under various
11 allocation methodologies:

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Allocation Methodology Impacts by Class (S) - Settlement Scenarios

	Company's Proposed Allocators	4CP A&E Transmission	4CP A&E Renewables	4CP A&E Trans+Renew*
Residential	170,082,803	20,915,369	38,448,705	59,364,075
Lighting	7,518,351	739,614	(552,509)	187,105
C&I SL4/5	118,639,775	(6,156,696)	(3,934,010)	(10,090,706)
C&I SL3	47,463,056	(3,996,173)	(9,382,731)	(13,378,904)
C&I SL2	76,550,077	(9,823,148)	(18,325,710)	(28,148,859)
C&I SL1	26,611,305	(1,702,030)	(6,260,775)	(7,962,804)
Total Retail	446,865,367	(23,063)	(7,029)	(30,092)
Wholesale	251,144	23,063	7,029	30,092
Total Company	447,116,511	0	0	0
Residential Bill Increase @1,100 kWh/month	\$2.45	+\$3.40	+\$6.24	+\$9.64

*Includes combined effects of allocation changes on internally calculated allocators

1 After PTCs, the Joint Stipulation results in a residential rate increase of \$2.45 per month,
2 or \$4.11 per month before PTCs. The \$4.11 per month figure compares favorably to the
3 \$25 per month requested by PSO in its Application.¹ Using the 4CP A&E methodology for
4 transmission and renewables compared to the Joint Stipulation's proposed allocations
5 would raise residential rates by \$9.64 per month, considerably more than the \$2.45 per
6 month impact agreed to in the Joint Stipulation.

¹ Direct Testimony of Jacob A. Miller for Public Service Company of Oklahoma 6:1–6 (Jan. 2, 2026).

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1 IV. Evaluation of Joint Stipulation

2 Q. SHOULD THE ATTORNEY GENERAL'S ASSENT TO ANY TERM IN THIS
3 JOINT STIPULATION BE CONSTRUED AS ADVOCATING FOR SIMILAR
4 TREATMENT IN OTHER CASES?

5 A. No. The Joint Stipulation is only to be viewed in its totality. It represents a negotiated
6 position where parties receive certain terms in exchange for others. The Joint Stipulation
7 is not precedential and should not be relied on as a representation of the Attorney General
8 in future matters. Such is expressly recognized in Paragraphs (a), (c), and (e) of Section 3
9 of the Joint Stipulation.

10 Q. IS A \$447.1 MILLION REVENUE DEFICIENCY REASONABLE GIVEN THE
11 PARTIES' POSITIONS AS PROVIDED IN THEIR PRE-FILED DIRECT,
12 RESPONSIVE, AND REBUTTAL TESTIMONIES?

13 A. Yes. Four parties—the Company, PUD, the Attorney General, and OIEC—pre-filed
14 testimony on a comprehensive list of issues that allow for a side-by-side comparison of
15 each party's proposed change in revenue requirements. The proposed changes ranged from
16 as low as \$301.6 million from OIEC² to as high as \$606.9 million from the Company with
17 the Attorney General and PUD proposing \$401 million³ and around \$394.9 million,⁴
18 respectively. Given these range of values, a \$447.1 million increase to the Company's
19 revenue requirement is a reasonable outcome for this rate proceeding.

² Rebuttal Testimony of M. Drew Deibel for Public Service Company of Oklahoma, Exhibit MDD-1R (May 29, 2026).
³ Rebuttal Testimony of M. Drew Deibel for Public Service Company of Oklahoma, Exhibit MDD-1R (May 29, 2026).
⁴ PUD Amended Revenue Requirement Exhibit (Jun. 19, 2026).

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1 **Q. IS THE 9.375 PERCENT ROE REASONABLE UNDER CURRENT FINANCIAL**
2 **CONDITIONS?**

3 A. Yes. Experts provided pre-filed testimony in this rate proceeding that supported an ROE
4 as low as 8.3 percent⁵ and as high as 10.5 percent.⁶ Under current financial conditions, the
5 Attorney General believes a 9.375 percent ROE is a reasonable cost of common equity and
6 was supported by Attorney General witness Dr. J. Randall Woolridge.

7 **Q. IS THE JOINT STIPULATION IN THE PUBLIC INTEREST?**

8 A. Yes. The Joint Stipulation balances the interests of all the Stipulating Parties, and
9 represents a fair, just, and reasonable means to resolve the outstanding issues in this case
10 through reasonable compromise.

11 **Q. WHAT IS YOUR RECOMMENDATION?**

12 A. On behalf of the Attorney General, I recommend that the Commission approve the Joint
13 Stipulation and Settlement Agreement reached by the Stipulating Parties.

14 **V. Conclusion**

15 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

16 A. The Joint Stipulation represents a balanced compromise of the interests represented by the
17 Stipulating Parties. The Joint Stipulation represents a fair, just, and reasonable settlement
18 of the issues presented in this Case, and the terms and conditions of the Joint Stipulation
19 are in the public interest.

⁵ Responsive Testimony of David J. Garrett for Oklahoma Industrial Energy Consumers 7:1–8 (May 1, 2026).

⁶ Direct Testimony of Adrien M. McKenzie for Public Service Company of Oklahoma 10:24–25 (Jan. 2, 2026).

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1 **Q. DO YOU HAVE ANY ADDITIONAL COMMENTS?**

2 A. Yes. My testimony is limited to the subject matters discussed. The Commission and the
3 stakeholders should not infer my agreement with or support for a subject matter not covered
4 in this testimony.

5 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

6 A. Yes, it does.

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Settlement Testimony of Brice D. Betchan

AFFIDAVIT OF BRICE D. BETCHAN

STATE OF OKLAHOMA)
) ss
COUNTY OF OKLAHOMA)

I, Brice D. Betchan, do hereby swear/affirm that the foregoing testimony is true and correct to the best of my knowledge and belief.


Brice D. Betchan

Subscribed and sworn to/affirmed before me this 25th day of June 2026.

 day of June 2026.



Notary Public



My Commission expires on 06/08/27

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE COMPANY)
OF OKLAHOMA, AN OKLAHOMA)
CORPORATION, FOR AN ADJUSTMENT IN ITS)
RATES AND CHARGES AND THE ELECTRIC)
SERVICE RULES, REGULATIONS AND) CASE NO. PUD2025-000075
CONDITIONS OF SERVICE FOR ELECTRIC)
SERVICE IN THE STATE OF OKLAHOMA AND)
TO APPROVE VARIOUS COST RECOVERY)
MECHANISMS AND TARIFFS)



SETTLEMENT TESTIMONY

OF

MARY ELIZABETH PURVIS

June 26, 2026

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA
SETTLEMENT TESTIMONY
OF
MARY ELIZABETH PURVIS

June 26, 2026

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INTRODUCTION

1 **Q: Please state your name.**

2 A: My name is Mary Elizabeth Purvis.

3 **Q: Are you the same Mary Elizabeth Purvis who filed Responsive Testimony in this case**
4 **on May 15, 2026?**

5 A: Yes, I am.

PURPOSE

6 **Q: What is the purpose of your Settlement Testimony regarding the Application of Public**
7 **Service Company of Oklahoma ("PSO" or "Company"), for an adjustment in its rates**
8 **and charges for electric service in the State of Oklahoma??**

9 A: The purpose of my Testimony is to discuss the Public Utility Division's ("PUD") support of
10 the Joint Stipulation and Settlement Agreement on the Large Load Tariff ("LLT") and Self-
11 Supply issues ("Joint Stipulation" or "Agreement") filed in this Case. See Exhibit "1"
12 attached. Specifically, this testimony addresses the LLT framework, self-supply/Bring-Your-
13 Own-Generation ("BYOG") options, House Bill 2992 ("HB 2992") compliance, and related
14 cost-causation protections settled among the parties.

CASE BACKGROUND

1 **Q: Please provide a brief history of this Case leading up to filing the Agreement.**

2 A: On January 2, 2026, PSO filed an Application with the Oklahoma Corporation Commission
3 ("Commission") for an adjustment in its rates and charges for electric service and to
4 approve various cost recovery mechanisms and tariffs, including LLT terms. PUD and
5 other parties in this Case filed Responsive Testimony on May 1, 2026. PUD and certain
6 other parties in this Case then followed with Cost of Service / Rate Design Responsive
7 Testimony on May 15, 2026, which included Ms. Purvis's Responsive Testimony
8 addressing PSO's proposed LLT. Rebuttal Testimony of PSO and other parties to the Case
9 was then filed on May 29, 2026. The parties held extensive settlement discussions in this
10 Case, including the official Settlement Conference held on June 3, 2026, pursuant to the
11 Procedural Schedule. Following continued negotiations, a Joint Stipulation on the LLT and
12 self-supply issues was reached by the Stipulating Parties and filed on June 26, 2026.

13 **Q: What is your role in this Case?**

14 A: My responsibility in this case is to review and provide recommendations concerning PSO's
15 application. My Responsive Testimony filed on May 15, 2026, addressed PSO's Cost of
16 Service Study, revenue allocation, rate design, proposed Curtailable Service Tariff, and
17 proposed LLT.

JOINT STIPULATION AND SETTLEMENT AGREEMENT

1 **Q: Please describe the settlement process.**

2 A: This Joint Stipulation is nonunanimous and contains input from Google, PUD, and the
3 Office of the Attorney General (“OAG”), and the Petroleum Alliance of Oklahoma
4 (“PAO”) after robust and thorough settlement negotiations with all parties to this Case.
5 Further, the Agreement is supported by underlying Direct, Responsive, and Rebuttal
6 Testimony filed by Google, PUD, OAG, and PAO. This settlement represents a fair, just,
7 and reasonable agreement to address the issues raised in this Case and is in the public
8 interest.

9 **Q: Who are the Stipulating Parties to this Joint Stipulation?**

10 A: The Stipulating Parties include PUD, the OAG, Google and the PAO.

11 **Q: Have all parties signed the Joint Stipulation?**

12 A: No. PSO, Oklahoma Industrial Energy Consumers, American Association of Retired
13 People, Walmart, the United States Department of Defense, and the Data Center Coalition
14 are not parties to the signed Joint Stipulation.

15 **Q: What does the Joint Stipulation and Settlement Agreement on the LLT resolve?**

16 A: The Joint Stipulation resolves contested issues between the Stipulating Parties regarding
17 whether PSO should offer a separate LLT, applicable customers, whether large load
18 customers should be permitted to self-supply or BYOG, cost-shift protections, collateral,

1 exit fees, and minimum charges, the Commission's authority to approve a self-supply rider,
2 and conformance of the tariff to HB2992.

3 **Q: What is not included in this Joint Stipulation and Settlement Agreement?**

4 A: This agreement does not address PSO's revenue requirement, overall rate increase, class
5 revenue allocation, rate design, or other issues not specifically addressed.

6 **Q: Does PUD support all the provisions in this Joint Stipulation?**

7 A: Yes. PUD supports all provisions of the Joint Stipulation because they are each fair, just,
8 reasonable, and in the public interest.

9 **Q: How is this Joint Stipulation organized?**

10 A: The Joint Stipulation contains fourteen numbered sections as follows:

- 11 (1) Approval of a separate Large Load Tariff Framework;
- 12 (2) HB 2992 compliance and cost-causation protections;
- 13 (3) Applicability threshold;
- 14 (4) Transmission and interconnection upgrade funding;
- 15 (5) Option 1 – Full Self-Supply/BYOG service;
- 16 (6) Option 2 – Mixed Self-Supply and PSO Generation Service;
- 17 (7) Option 3 – Full PSO Generation Service;
- 18 (8) The Commission's authority to approve a self-supply rider;
- 19 (9) Settled issues;
- 20 (10) Issues not resolved;
- 21 (11) Discovery and Motions;
- 22 (12) General reservations;
- 23 (13) Non-severability; and
- 24 (14) Requested Commission findings.

25 This testimony will address each of these sections in turn.

1 **Q: What does Section 1 of the Joint Stipulation provide?**

2 A: Section 1 establishes the core LLT framework. The Stipulating Parties agree that PSO shall
3 establish a new, separate LLT tariff ("LLS Tariff"). The LLS Tariff will be applicable to
4 eligible customers with contract demand exceeding 75 MW at a single delivery point. The
5 LLS Tariff shall be separate from and shall not be treated as a carve-out from PSO's
6 existing large-customer tariff.

7 The LLS Tariff shall include three service options:

- 8 • **Option 1** – a full self-supply or BYOG option under which the customer takes no
9 generation service from PSO;
10 • **Option 2** – a mixed-service option under which a portion of the customer's load is
11 served under Option 1 and a portion under Option 3; and
12 • **Option 3** – a full-utility-generation-service option under which the customer takes
13 generation service from PSO.

14 **Q: Does PUD support Section 1?**

15 A: Yes. In PUD's filed testimony, PUD recommended that the Commission order PSO to
16 establish a distinct large-load rate class for new large-load additions with contract capacity
17 at or exceeding 10 MW and further recommended inclusion of a BYOG provision.¹ The
18 Agreement achieves both objectives. The separate LLS Tariff framework, applicable above

¹ Responsive Testimony of Mary Elizabeth Purvis, filed May 15, 2026 ("Purvis Testimony"), page 44 of 53, lines 10–18, page 45 of 53, lines 1–2, and page 46 of 53, lines 4–7.

1 75 MW, provides the transparency and cost-causation accountability that PUD advocated.
2 The inclusion of a formal BYOG option (Option 1) directly responds to PUD's
3 recommendation in filed testimony and aligns with the White House Ratepayer Protection
4 Pledge issued on March 4, 2026 ("WH Pledge"). PUD believes this structure is fair, just,
5 and reasonable and is in the public interest.

6 **Q: What does Section 2 of the Joint Stipulation provide?**

7 A: Section 2 addresses HB 2992 compliance and cost-causation protections. The Stipulating
8 Parties acknowledge that while Oklahoma HB 2992, the Data Center Customer Ratepayer
9 Protection Act of 2026, was approved by the Governor on May 11, 2026, becomes effective
10 July 1, 2026, codified at Okla. Stat. tit. 17 §§ 900-905, the Stipulating Parties intend that
11 the tariff approved under the Joint Stipulation will comply with HB 2992 and any
12 Commission rule, order, or directive implementing HB 2992.

13 Section 2 further requires that the LLS Tariff be interpreted, administered, and if necessary,
14 modified to ensure that residential, commercial, industrial and other non-large-load
15 customers are protected from unjust rates resulting directly from electric service to large-
16 load customers, with costs and revenues assigned and allocated in accordance with cost-
17 causation principles.

18 Section 2 also establishes a true-up mechanism. Under that mechanism, PSO shall
19 periodically review, in a general rate case, regular review process, or other Commission-

1 approved proceeding, whether any costs incurred to serve a large-load customer have been
2 under-collected, over-collected, misallocated, or shifted to other rate classes. If such review
3 identifies a cost shift, under-recovery, or over-recovery, then the applicable rates, charges,
4 credits, collateral requirements, exit fees, minimum charges, or other tariff terms shall be
5 adjusted prospectively and, to the extent permitted by law and approved by the
6 Commission, trued up consistent with HB 2992's cost-causation requirements. The true-up
7 mechanism also addresses any overcollection, providing that a large-load customer shall
8 receive an appropriate credit approved by the Commission.

9 **Q: Does PUD support Section 2?**

10 **A:** Yes. The cost-causation and HB 2992 compliance provisions in Section 2 are central to
11 PUD's core concern throughout this proceeding — that large-load customers pay their fair
12 allocated share of system costs and do not shift costs onto residential and other non-large-
13 load customers. In PUD's filed testimony, PUD documented the trend of worsening inter-
14 class subsidies, with the residential class's relative rate of return rising from 1.17 in the
15 2021 rate case to 1.81 in the current proceeding and expressed particular concern that the
16 addition of over 5,000 MW of potential large-load demand could further exacerbate cross-
17 subsidies.² The true-up mechanism in Section 2 is a meaningful and enforceable
18 mechanism to deter that outcome. The credit requirement for overcollection likewise
19 ensures that large-load customers are not over-charged. PUD believes these provisions are
20 fair, just, reasonable, and are in the public interest.

² Purvis Testimony, page 18 of 53, Table MEP-1 and page 19 of 53, lines 12–19.

1 **Q: What does Section 3 of the Joint Stipulation provide regarding applicability?**

2 A: Section 3 establishes that the LLT shall apply to customers with contract demand exceeding
3 75 MW, regardless of the customer's BYOG or self-supply generation level. The
4 Stipulating Parties agree that the 75 MW threshold resolves, as between the Stipulating
5 Parties, the contested large-load applicability-threshold disputes raised in this Case
6 including the dispute over whether the threshold should be 10 MW or 75 MW, and whether
7 special large-load provisions should apply only to true large-load customers.

8 **Q: Does PUD support the 75 MW applicability threshold in Section 3?**

9 A: Yes, with the understanding that the 75 MW threshold reflects the negotiated resolution of
10 a genuinely disputed issue. PUD's filed testimony recommended a threshold of 10 MW,
11 consistent with PSO's initial proposal. However, after extensive negotiations, the
12 Stipulating Parties reached agreement on 75 MW. PUD accepts this compromise threshold
13 as reasonable within the context of the overall settlement, particularly given that the
14 Agreement's robust cost-causation protections, true-up mechanism, and separate rate class
15 framework apply above 75 MW, thereby protecting existing customers from cost shifts
16 attributable to the largest and most impactful large-load additions. PUD believes the 75
17 MW threshold is fair, just, and reasonable and is in the public interest.

1 **Q: What does Section 4 of the Joint Stipulation provide regarding transmission and**
2 **interconnection upgrades?**

3 A: Section 4 requires that, for all three service options (Option 1, Option 2, and Option 3), the
4 large-load customer shall fully fund up-front, through Contribution in Aid of Construction
5 ("CIAC") or other Commission-approved mechanism, direct-connect transmission and
6 interconnection facilities needed to serve that customer. Additionally, large-load customers
7 under all three options shall fully fund up-front a portion of required network upgrades
8 necessary to prevent impacts to PSO's transmission rates for existing customers.

9 **Q: Does PUD support Section 4?**

10 A: Yes. The requirement that large-load customers fully fund direct-connect transmission and
11 interconnection facilities through CIAC and fund required network upgrades to prevent
12 transmission-rate impacts on existing customers, is a direct and meaningful
13 implementation of HB 2992's cost-causation requirements. This provision protects
14 residential and other non-large-load customers from bearing infrastructure costs that should
15 rightfully be borne by the large-load customer whose demands necessitate those upgrades.
16 PUD supports this provision as fair, just, and reasonable and in the public interest.

17 **Q: What does Section 5 of the Joint Stipulation provide regarding Option 1 — Full Self-**
18 **Supply/BYOG Service?**

19 A: Section 5 governs Option 1, which is the full self-supply or BYOG service option. Under
20 Option 1, a qualifying large-load customer shall take no generation service from PSO for

1 the self-supplied portion of its load and may self-supply 100% of its capacity and energy
2 requirements through a qualified wholesale market counterparty or through behind-the-
3 meter generation, subject to Rider SSS or successor tariff provisions approved by the
4 Commission.

5 Key Option 1 terms include the following:

- 6 (a) The customer shall fund direct-connect facilities and network-upgrade obligations
7 under Section 4;
- 8 (b) The contract term shall be the minimum required by applicable law, including the
9 ten-year minimum under HB 2992 where applicable;
- 10 (c) Billing demand shall be a minimum of 80% of contract demand;
- 11 (d) Minimum charges shall equal the sum of minimum demand charges for
12 transmission only, customer charges, and all applicable non-generation riders billed
13 at actual usage;
- 14 (e) No collateral is required except as otherwise required by law, Commission order,
15 or generally applicable tariff provisions; and
- 16 (f) The customer may exit at any time, subject to satisfying outstanding obligations for
17 direct-connect facilities, network upgrades, CIAC, and any Commission-approved
18 charges necessary to prevent cost shifts.

19 Importantly, generation capacity charges, energy charges, fuel adjustment charges, and
20 generation-related riders shall not apply to the self-supplied portion of load. Delivery,

1 transmission, and applicable regulatory rider charges shall continue to apply based on total
2 metered demand.

3 **Q: Does PUD support Section 5?**

4 A: Yes. In PUD's filed testimony, PUD recommended that the Commission require inclusion
5 of a BYOG provision in PSO's large load tariff.³ Option 1 directly responds to that
6 recommendation, establishing a formal tariffed BYOG pathway for eligible large-load
7 customers. By allowing large-load customers to self-supply 100% of their capacity and
8 energy requirements, Option 1 reduces the infrastructure burden on PSO's generation
9 system, segregates a portion of generation from PSO's rate base equation, and advances the
10 ratepayer-protection principles embodied in HB 2992 and the WH Pledge. The minimum
11 demand requirement of 80% of contract demand and the obligation to fund direct-connect
12 facilities and network upgrades ensure that Option 1 customers remain accountable for
13 costs they causally impose on the system. PUD believes Section 5 is fair, just, and
14 reasonable and is in the public interest.

15 **Q: What does Section 6 of the Joint Stipulation provide regarding Option 2 — Mixed**
16 **Self-Supply and PSO Generation Service?**

17 A: Section 6 establishes Option 2, a mixed-service option under which a qualifying large-load
18 customer may elect service under Option 1 for a portion of its load and Option 3 for the
19 remaining portion of its load. Option 1 terms apply to the Option 1 portion of load, and

³ Purvis Testimony, page 46 of 53, lines 4–7.

1 Option 3 terms apply to the Option 3 portion of load. PSO shall maintain metering, billing,
2 scheduling, imbalance, standby, settlement, and verification provisions sufficient to ensure
3 that the Option 1 and Option 3 portions of load are separately identified and billed
4 consistent with cost causation and Commission-approved tariff terms..

5 **Q: Does PUD support Section 6?**

6 A: Yes. Option 2 provides flexibility for large-load customers with mixed generation
7 arrangements, a practical necessity given the variety of BYOG and self-supply
8 configurations that data centers and hyperscalers may employ. PUD's primary concern with
9 any mixed-service option is ensuring that the self-supplied and utility-served portions of
10 load are properly segregated for billing and cost-causation purposes, so that PSO's general
11 ratepayers do not bear generation costs attributable to the self-supplied portion. The
12 metering and billing provisions directly address this concern. PUD believes Section 6 is
13 fair, just, and reasonable and is in the public interest.

14 **Q: What does Section 7 of the Joint Stipulation provide regarding Option 3 — Full PSO**
15 **Generation Service?**

16 A: Section 7 establishes Option 3, the full utility generation service option, under which a
17 qualifying large-load customer shall take generation service from PSO and shall not self-
18 supply generation requirements under Rider SSS for the Option 3 portion of load.

Key Option 3 terms include the following:

- (a) The customer shall fund applicable direct-connect facilities and network-upgrade obligations under Section 4;
- (b) A 15-year initial term, with a customer-elected load ramp of up to five years, subject to Commission approval and consistency with HB 2992;
- (c) Billing demand of a minimum of 80% of contract demand;
- (d) Minimum charges equal to the sum of minimum demand charges for transmission and generation costs, customer charges, and all applicable riders billed at actual usage;
- (e) Collateral equal to 48 months of non-fuel minimum bills (recomputed annually and provable through a qualifying guarantee, letter of credit, or cash); and
- (f) Exit notice provision allowing an Option 3 customer to provide notice of exit after 60 months of initial service, with exit fee based on the present value of any remaining reasonably allocable costs incurred to serve or for the benefit of the customer (excluding financial obligations PSO can terminate and plant balance or CPA/PPA obligations that can be used for net new load).

Q: Does PUD support Section 7?

A: Yes. The 15-year initial term for Option 3, which is the full PSO generation service option, is a key consumer protection provision that PUD advocated in filed testimony. PUD recommended a minimum contract term of at least 15 years, noting that with simple-cycle natural gas facilities having an estimated useful life of 30 years, a 15-year term ensures that

1 at least 50% of an asset built to serve a large-load customer is amortized before the
2 customer could exit, reducing stranded asset risk for PSO's general ratepayers.⁴ The
3 Agreement achieves this 15-year term for Option 3. The 48-month collateral requirement
4 and exit fee mechanism provide additional protection for ratepayers against financial losses
5 if an Option 3 customer departs the system or materially reduces load. The 80% minimum
6 demand provision aligns with industry standard practice and shields the general customer
7 base from the financial consequences of load reduction. PUD believes Section 7 is fair,
8 just, and reasonable and is in the public interest.

9 **Q: What does Section 8 of the Joint Stipulation address?**

10 A: Section 8 addresses the Commission's authority to approve a self-supply rider, including
11 Rider SSS or a successor self-supply/BYOG rider, as part of PSO's retail electric tariff in
12 this Case. The Stipulating Parties agree and stipulate that approval of Rider SSS does not
13 deregulate PSO retail service, does not remove the customer from Commission-approved
14 tariff service, and does not limit the Commission's authority to modify, condition, suspend,
15 or enforce tariff provisions in future proceedings consistent with law. HB 2992
16 independently supports the Commission's authority by requiring separate terms,
17 conditions, and tariffs for large-load customers.

⁴ Purvis Testimony, page 38 of 53, lines 9–13.

1 **Q: Does PUD support Section 8?**

2 A: Yes. PUD agrees that approval of Rider SSS or a successor self-supply rider falls squarely
3 within the Commission's legislative ratemaking authority and its obligation under HB 2992
4 to require separate terms, conditions, and tariffs for large-load customers. The clarification
5 that approval of a BYOG/self-supply rider does not deregulate PSO retail service is an
6 important preservation of Commission jurisdiction. PUD believes the Commission has full
7 authority to approve the rider and that exercising that authority here is fair, just, and
8 reasonable and in the public interest.

9 **Q: What do Sections 9 through 13 of the Joint Stipulation provide?**

10 A: Section 9 identifies the specific issues resolved by the Joint Stipulation, including: the
11 separate LLT and 75 MW threshold; the BYOG/self-supply rider; charge and rider
12 treatment for self-supplied portions of load; upfront funding of direct-connect facilities and
13 network upgrades through CIAC; the cost-causation true-up mechanism; credit support,
14 minimum charges, collateral, and exit-fee mechanisms; the Commission's authority to
15 approve the self-supply rider; and HB 2992 conformance. Section 9 also acknowledges
16 that the settlement is consistent with issues raised by the Parties.

17 Section 10 identifies issues not resolved by the Joint Stipulation, which include PSO's
18 revenue requirement and accounting adjustments, cost of capital, storm-cost recovery,
19 certain rider issues, cost-of-service and allocation issues, future vs. historical test year, rate

1 design, and special contracts. All open issues remain available for litigation or further
2 settlement.

3 Section 11 addresses discovery and motions, providing that all pending requests for
4 discovery and motions relating solely to the settled large-load/self-supply issues are
5 withdrawn upon Commission approval, while discovery and motions relating to unresolved
6 issues are not withdrawn.

7 Section 12 sets forth general reservations, including that: the Joint Stipulation is a
8 negotiated compromise; each undersigned counsel has full authority to execute; no party is
9 bound if the Commission does not approve the Joint Stipulation in its entirety or if an
10 appeal is taken; and the Joint Stipulation shall not constitute an admission or precedent in
11 other proceedings except as necessary to enforce its terms.

12 Section 13 contains a non-severability clause, providing that the provisions of the Joint
13 Stipulation are interrelated and interdependent. If the Commission does not approve and
14 adopt all terms without modification or condition (unless affected parties consent), the Joint
15 Stipulation shall be void and of no force and effect.

16 **Q: Does PUD support Sections 9 through 13?**

17 **A:** Yes. These sections contain standard provisions appropriate for a negotiated settlement.

18 The settled issues list in Section 9 accurately captures the range of LLT and self-supply

1 disputes resolved by the parties. The unresolved issues identified in Section 10 preserve
2 the parties' full rights to litigate the remaining issues in this proceeding. PUD believes the
3 general reservations and non-severability provisions are consistent with Commission
4 settlement practice and are appropriate given the interdependent nature of the compromises
5 reached. PUD supports these provisions as fair, just, and reasonable and in the public
6 interest.

RECOMMENDATION

7 **Q: What is the Public Utility Division's ("PUD") recommendation to the Oklahoma**
8 **LLT") and Self-Supply Joint Stipulation in the Application of Public Service**
9 **Company of Oklahoma ("PSO")?**

10 **A:** PUD recommends the Commission approve the Joint Stipulation and Settlement
11 Agreement ("Joint Stipulation" or "Agreement") on the LLT and Self-Supply issues filed
12 in this Case. The Joint Stipulation is the result of robust settlement negotiations among a
13 broad group of Stipulating Parties with diverse interests, and PUD believes it is fair, just,
14 reasonable, and in the public interest.

15 The Agreement establishes the separate LLT framework that PUD advocated in filed
16 testimony, incorporating the BYOG/self-supply option, the 15-year minimum contract
17 term for full utility generation service, the 80% minimum demand provision, the 48-month
18 collateral requirement, upfront CIAC funding of direct-connect facilities and network
19 upgrades, and a cost-causation true-up mechanism — all of which are consistent with

1 PUD's filed positions and designed to protect residential and other non-large-load
2 customers from cost shifts attributable to large-load customers.

3 The Agreement also ensures compliance with HB 2992, the Data Center Customer
4 Ratepayer Protection Act of 2026, which became effective July 1, 2026. PUD believes the
5 tariff framework adopted by the Joint Stipulation is consistent with HB 2992's requirements
6 for separate terms, conditions, and tariffs for large-load customers and its mandate that
7 non-large-load customers be protected from unjust rates resulting from electric service to
8 large-load customers.

I state, under penalty of perjury under the laws of Oklahoma, that the foregoing is true and correct
to the best of my knowledge and belief.



Mary Elizabeth Purvis

EXHIBIT 1

BEFORE THE CORPORATION COMMISSION OF THE STATE OF
OKLAHOMA

APPLICATION OF PUBLIC SERVICE)
COMPANY OF OKLAHOMA, AN)
OKLAHOMA CORPORATION, FOR)
AN ADJUSTMENT IN ITS RATES AND)
CHARGES AND THE ELECTRIC) CASE NO. PUD 2025-000075
SERVICE RULES, REGULATIONS AND)
CONDITIONS OF SERVICE FOR)
ELECTRIC SERVICE IN THE STATE)
OF OKLAHOMA AND TO APPROVE)
VARIOUS COST RECOVERY)
MECHANISMS AND TARIFFS)

Joint Stipulation and Settlement Agreement

COME NOW the undersigned parties to the above-entitled Cause and present the following Joint Stipulation and Settlement Agreement (the Joint Stipulation) for the Oklahoma Corporation Commission's (Commission or OCC) review and approval as their compromise and settlement of the large-load tariff and self-supply issues described herein. The Stipulating Parties represent to the Commission that this Joint Stipulation is fair, just and reasonable, is in the public interest, and should be approved.

The Stipulating Parties further state that Public Service Company of Oklahoma (PSO) filed this Cause to review PSO's rates, charges, regulations and conditions of service and to obtain approval of various cost recovery mechanisms and tariffs, including large-load tariff terms. PSO's Application states that PSO is an Oklahoma corporation engaged in generating, purchasing, transmitting, distributing and selling electric energy in Oklahoma, and that its Oklahoma operations are subject to the Commission's jurisdiction.

Terms of the Joint Stipulation and Settlement Agreement

Effective with the final order of the Commission approving all elements of this Joint Stipulation:

1. Approval of Separate Large Load Tariff Framework

1.1. The Stipulating Parties agree that PSO shall establish a new, separate large-load tariff (Large Load Service or LLS Tariff) applicable to eligible customers with contract demand

exceeding 75 MW at a single delivery point. The tariff shall be separate from, and shall not be treated as a carve-out from, PSO's existing large-customer tariff.

1.2. The Stipulating Parties agree that the large-load tariff should include three service options: (a) an Option 1 self-supply or bring-your-own-generation (BYOG) option under which the customer takes no generation service from PSO; (b) an Option 2 mixed-service option under which a portion of the customer's load is served under Option 1 and a portion under Option 3; and (c) an Option 3 full-utility-generation-service option under which the customer takes generation service from PSO.

1.3. The Stipulating Parties acknowledge that the settlement proposal provides terms and conditions for three service options within a new large-load tariff applicable to eligible customers with contract demand exceeding 75 MW.

2. HB 2992 Compliance and Cost-Causation Protections

2.1. The Stipulating Parties acknowledge that Oklahoma HB 2992, the Data Center Customer Protection Act of 2026,¹ was approved by the Governor on May 11, 2026, and becomes effective July 1, 2026. The Stipulating Parties intend that the tariff approved under this Joint Stipulation comply with HB 2992 and any Commission rule, order, or directive implementing HB 2992.

2.2. The Stipulating Parties agree that the large-load tariff shall be interpreted, administered and, if necessary, modified to ensure that residential, commercial, industrial and other non-large-load customers are protected from unjust rates resulting directly from electric service to large-load customers, and that costs and revenues are assigned and allocated in accordance with cost-causation principles.

2.3. The Stipulating Parties agree that each service option shall include a true-up mechanism. Under that mechanism, PSO shall periodically review, in a general rate case, regular review process, or other Commission-approved proceeding, whether any costs incurred to serve a large-load customer have been under-collected, over-collected, misallocated, or shifted to residential, commercial, industrial, or any other rate class. If such review identifies a cost shift, under-recovery, or over-recovery, then the applicable rates, charges, credits, collateral requirements, exit fees, minimum charges, or other tariff terms shall be adjusted prospectively and, to the extent permitted by law and approved by the Commission, trued up to assign and allocate costs and revenues consistent with HB 2992's cost-causation requirements.

¹ Codified as Okla. Stat. tit. 17 §§ 900-905 effective July 1, 2026

2.4. The true-up mechanism shall be designed to ensure that large-load customers reimburse PSO for all costs fairly allocated to them. To the extent the true-up mechanism determines overcollection from a large-load customer or customers, the affected customer or customers shall receive an appropriate credit approved by the Commission.

2.5. The Stipulating Parties agree that the large-load tariff shall include credit requirements and other measures necessary to ensure that large-load customers reimburse PSO for all costs fairly allocated to them, including costs incurred to directly serve the customer that may remain unrecovered if the customer departs the system or materially reduces load.

2.6. The Stipulating Parties agree that each service option shall be implemented consistently with any minimum service-term requirement established by HB 2992, including a minimum ten-year term where applicable, unless the customer or service arrangement is not subject to that requirement under HB 2992 or a Commission order.

3. Applicability

3.1. The large-load tariff shall apply to customers with contract demand exceeding 75 MW, regardless of the customer's BYOG or self-supply generation level.

3.2. The Stipulating Parties agree that the 75 MW threshold resolves, as between the Stipulating Parties, the contested large-load applicability-threshold issues raised in this Cause by PSO, Google, the Petroleum Alliance, DOD/FEA, AARP, and other parties. The Combined Issues Lists reflect disputes over whether the large-load threshold should be 10 MW or 75 MW and whether special large-load provisions should apply only to true large-load customers.

4. Transmission and Interconnection Upgrades

4.1. For Option 1, Option 2, and Option 3, the large-load customer shall fully fund up-front, through Contribution in Aid of Construction (CIAC) or other Commission-approved mechanism, direct-connect transmission and interconnection facilities needed to serve that customer.

4.2. For Option 1, Option 2, and Option 3, the large-load customer shall fully fund up-front a portion of required network upgrades necessary to prevent impacts to PSO's transmission rates for existing customers.

5. Option 1 — Full Self-Supply / BYOG Service

5.1. Under Option 1, a qualifying large-load customer shall take no generation service from PSO for the self-supplied portion of its load and may self-supply up to 100% of its capacity and energy requirements through a qualified wholesale market counterparty or through behind-the-meter generation, subject to Rider SSS or successor tariff provisions approved by the Commission.

5.2. Option 1 customers shall fund the directly attributable direct-connect facilities and network-upgrade obligations under Section 4.

5.3. Option 1 contract term shall be the minimum required by applicable law, including the ten-year minimum service term described in HB 2992 where applicable.

5.4. Option 1 billing demand shall be a minimum of 80% of contract demand, with either: (a) automatic increase of contract demand with higher peaks; or (b) physical limitation of load so that load does not exceed contract demand.

5.5. Option 1 minimum charges shall equal the sum of minimum demand charges for transmission only, customer charges, and all applicable non-generation riders billed at actual usage.

5.6. No collateral shall be required for Option 1, except to the extent otherwise required by law, Commission order, generally applicable tariff provisions, or customer-specific facilities agreements.

5.7. An Option 1 customer may exit at any time, subject to satisfying outstanding obligations for direct-connect facilities, network upgrades, CIAC, and any Commission-approved charges necessary to prevent cost shifts to other customers.

5.8. Generation capacity charges, energy charges, fuel adjustment charges, and generation-related riders shall not apply to the self-supplied portion of load. Delivery, transmission, and applicable regulatory rider charges shall continue to apply based on total metered demand, subject to Commission-approved tariff terms. The settlement proposal describes Rider SSS as allowing customers with verified coincidental or non-coincident peak demand of at least 75 MW at a single delivery point to self-supply up to 100% of capacity and energy requirements, with generation capacity and energy charges set to \$0.00 for the self-supplied portion

5.9. The System Contribution Charge shall not apply to Option 1 except as expressly approved by the Commission in the large-load tariff or in a customer-specific special contract.

6. Option 2 — Mixed Self-Supply and PSO Generation Service

6.1. Under Option 2, a qualifying large-load customer may elect service under Option 1 for a portion of its load and Option 3 for the remaining portion of its load.

6.2. Option 1 terms shall apply to the Option 1 portion of load, and Option 3 terms shall apply to the Option 3 portion of load.

6.3. PSO shall maintain metering, billing, scheduling, imbalance, standby, settlement, and verification provisions sufficient to ensure that the Option 1 and Option 3 portions of load are separately identified and billed consistent with cost causation and Commission-approved tariff terms.

6.4. The System Contribution Charge shall not apply to Option 2 except as expressly approved by the Commission in the large-load tariff or in a customer-specific special contract.

7. Option 3 — Full PSO Generation Service

7.1. Under **Option 3**, a qualifying large-load customer shall take generation service from PSO and shall not self-supply the customer's generation requirements under Rider SSS for the Option 3 portion of load.

7.2. Option 3 customers shall fund the applicable direct-connect facilities and network-upgrade obligations under Section 4.

7.3. Option 3 shall include a 15-year initial term, with a customer-elected load ramp of up to five years, subject to Commission approval and consistency with HB 2992.

7.4. Option 3 billing demand shall be a minimum of 80% of contract demand, with either: (a) automatic increase of contract demand with higher peaks; or (b) physical limitation of load so that load does not exceed contract demand.

7.5. Option 3 minimum charges shall equal the sum of minimum demand charges for transmission and generation costs, customer charges, and all applicable riders billed at actual usage.

7.6. Option 3 collateral shall equal 48 months of non-fuel minimum bills, subject to the following terms: (a) collateral may be provided through a qualifying guarantee, letter of

credit, or cash; (b) collateral shall be based on 48 times the maximum historical monthly non-fuel charges; and (c) collateral shall be recomputed annually.

7.7. An Option 3 customer may provide notice of exit after 60 months of initial service. The exit fee shall be based on the present value of any remaining reasonably allocable costs incurred to serve or for the benefit of the customer. Financial obligations PSO can terminate shall not be included in the exit fee, and portions of plant balance or CPA/PPA obligations that can be used for net new load shall not be included in the exit fee.

7.8. The System Contribution Charge shall not apply to Option 3 except as expressly approved by the Commission in the large-load tariff or in a customer-specific special contract.

8. Commission Authority to Approve Self-Supply Rider

8.1. The Stipulating Parties agree and stipulate that the Commission has jurisdiction and authority to approve a self-supply rider, including Rider SSS or a successor self-supply/BYOG rider, as part of PSO's retail electric tariff in this Cause.

8.2. PSO's Application invokes Okla. Const. art. IX, § 18; 17 O.S. §§ 152, 153, 250 et seq., and 281 et seq.; and OAC 165:70-1-1 et seq. as legal authority for Commission review of PSO's rates, charges, regulations and conditions of service and approval of cost recovery mechanisms and tariffs.

8.3. Okla. Const. art. IX, § 18 vests the Commission with authority over public utilities, and Okla. Const. art. IX, § 20 provides for direct Supreme Court review of Commission actions prescribing rates, charges, services, practices, rules, or regulations of a public utility. In *City of Oklahoma City v. Oklahoma Corporation Commission*, the Oklahoma Supreme Court reaffirmed that Commission actions prescribing rates, charges, services, practices, rules or regulations of public utilities are appealable under Okla. Const. art. IX, § 20, and that utility tariffs are created through the Commission's legislative ratemaking authority. *City of Okla. City v. Okla. Corp. Comm'n*, 558 P.3d 1231 (Okla. 2024).

8.4. Title 17 O.S. § 152(A) provides that the Commission has general supervision over public utilities, including power to fix and establish rates and to prescribe and promulgate rules, requirements, and regulations affecting their services, operation, and business management. In *City of Oklahoma City*, the Oklahoma Supreme Court quoted § 152(A) as granting the Commission "general supervision over all public utilities" and authority to "fix and establish rates" and prescribe rules, requirements, and regulations affecting public-

utility services, operations, and business conduct. *City of Okla. City v. Okla. Corp. Comm'n*, 558 P.3d 1231 (Okla. 2024).

8.5. Oklahoma Supreme Court precedent recognizes that the Commission approves utility tariffs and rates, and that a utility may not unilaterally increase rates. In *In re Oklahoma Development Finance Authority for Approval of Not to Exceed \$800,000,000 Ratepayer-Backed Bonds*, the Court stated that an investor-owned electric public utility operating in Oklahoma is subject to Commission oversight concerning retail rates and charges and “cannot increase utility rates on its own”; instead, the Commission must approve rates and fuel-cost adjustments. *In re Okla. Dev. Fin. Auth. for Approval of Not to Exceed \$800,000,000 Ratepayer-Backed Bonds*, 510 P.3d 165 (Okla. 2022).

8.6. Oklahoma Supreme Court precedent further recognizes that utility tariffs are the Commission-approved instruments setting forth utility services and rates. In *City of Oklahoma City*, the Court described a public utility tariff as a published document setting forth services provided by the utility, a schedule of rates for those services, and policies relating to the rates, approved by the Commission. *City of Okla. City v. Okla. Corp. Comm'n*, 558 P.3d 1231 (Okla. 2024).

8.7. HB 2992 independently supports Commission approval of separate large-load tariff provisions, including a self-supply rider, because the Act requires separate terms, conditions, and tariffs for large-load customers; requires protection of non-large-load customers from unjust rates resulting directly from service to large-load customers; requires cost-causation allocation; and authorizes the Corporation Commission to promulgate rules and exercise enforcement authority within its jurisdiction. The official Oklahoma Legislature bill information page reflects that HB 2992 was approved by the Governor on May 11, 2026, and the enrolled bill is the operative legislative text. *HB 2992 Bill Information*, 60th Legislature, 2nd Session (Okla. 2026).

8.8. HB 2992 requires the Corporation Commission to approve separate terms, conditions, and tariffs for large-load customers; requires protection of non-large-load customers from unjust rates resulting directly from service to large-load customers; requires cost-causation allocation; and authorizes the Corporation Commission to promulgate rules and exercise enforcement authority within its jurisdiction.

8.9. The self-supply rider falls within the Commission’s authority because it is a tariffed retail-service option that determines the rates, charges, services, practices, rules, and regulations applicable to a defined large-load customer class; preserves Commission

jurisdiction over delivery, transmission, riders, metering, billing, and true-up terms; and assigns generation responsibility and generation-related costs to the customer electing to self-supply, thereby advancing HB 2992 cost-causation and ratepayer-protection requirements.

8.10. The Stipulating Parties agree that approval of Rider SSS or a successor self-supply rider does not deregulate PSO retail service, does not remove the customer from Commission-approved tariff service, and does not limit the Commission's authority to modify, condition, suspend, or enforce tariff provisions in future proceedings consistent with law.

9. Settled Issues

9.1. As between and among the Stipulating Parties, this Joint Stipulation resolves the following issues in this Cause:

(a) whether PSO should offer a separate large-load tariff or separate large-load tariff provisions for customers above 75 MW;

(b) whether the large-load applicability threshold should be 75 MW rather than 10 MW;

(c) whether large-load customers should be allowed to self-supply or bring their own generation through a Commission-approved self-supply rider;

(d) whether self-supplied load should avoid generation capacity charges, energy charges, fuel adjustment charges, and generation-related riders for the self-supplied portion of load;

(e) whether delivery, transmission, and applicable regulatory riders should continue to apply to self-supplied customers based on total metered demand;

(f) whether large-load customers should up-front fund direct-connect transmission and interconnection facilities through CIAC;

(g) whether large-load customers should up-front fund required network upgrades necessary to prevent transmission-rate impacts to existing customers;

(h) whether large-load terms should include a cost-causation true-up mechanism;

(i) whether large-load terms should include credit support, minimum charges, collateral, and exit-fee mechanisms sufficient to prevent cost shifts to other customers;

(j) whether the Commission has authority to approve a self-supply rider as part of PSO's tariff in this Cause; and

(k) whether the large-load tariff should be conformed to HB 2992 and future Commission rules, orders, or directives implementing HB 2992.

9.2. The Stipulating Parties agree that the settlement of the foregoing issues is consistent with issues raised by Google, DOD/FEA, AARP, the Petroleum Alliance, the Data Center Coalition, and other parties concerning BYOG/self-supply, cost-shift protections, applicability threshold, contract term, collateral, exit fees, and large-load tariff structure. The Combined Issues Lists identify those disputed issues, including DOD/FEA's position that the Commission should consider an SGR or BYOG framework allowing large-load customers to arrange dedicated supply through third-party PPAs, behind-the-meter generation, self-supply, or a combination of resources.

10. Issues Not Resolved by this Joint Stipulation

10.1. Except as expressly resolved in Section 9, this Joint Stipulation does not resolve PSO's requested revenue requirement, overall rate increase, class revenue allocation, rate design, rate base, cost of capital, depreciation, storm-cost recovery, rider proposals other than the large-load/self-supply provisions addressed herein, or any other issue not specifically identified as settled.

10.2.- The Stipulating Parties acknowledge that the issues remaining for Commission decision or further settlement include, without limitation, the following:

(a) Revenue requirement and accounting adjustments. PSO's accounting adjustments, six-month post-test-year adjustments, plant additions, capital-project prudence and necessity, ad valorem tax treatment, depreciation expense, rate-case expenses, payroll increases, incentives, SERP, dues and donations, investor-relations expense, directors' and officers' insurance, SPP pro forma adjustments, NOLC treatment, ARO/CCR costs, deferred pension-settlement costs, and other revenue-requirement adjustments remain outstanding unless resolved by separate stipulation. PSO's issues list identifies accounting adjustments, generation and renewable investments, storm costs, O&M, depreciation, NOLC, NE3, CCR/ARO, and pension settlement cost issues.

(b) Cost of capital. The appropriate return on equity, capital structure, and overall rate of return remain outstanding. PSO identified return on equity and actual capital structure as issues, and other parties proposed different ROE and capital-structure positions.

(c) Storm-cost recovery. The level of storm expense in base rates, amortization of deferred storm costs, and whether recovery of storm costs should be denied or reduced remain outstanding.

(d) Vegetation Management Rider, SPPTC Rider, GEAR Rider, RRR Rider, and other rider issues. PSO's proposed Vegetation Management Rider, continued capitalization of vegetation-management costs, SPPTC amendments, GEAR Rider extension and cap increase, RRR expiration-date issue, and whether PSO's rider requests satisfy Commission standards remain outstanding except to the extent a provision expressly relates to the large-load/self-supply tariff approved herein.

(e) Cost-of-service and allocation issues. Production cost allocation, wind and solar allocation, transmission cost allocation, special-contract revenue allocation, class revenue requirement, and revenue allocation remain outstanding. Walmart, DOD/FEA, AARP, and others identified disputes over renewable generation capacity allocators, transmission cost allocators, cost-of-service study methodology, and class revenue requirement.

(f) Future test year and historical test year. AARP's issue concerning whether PSO's request to use a future test year should be rejected in favor of a historical test year remains outstanding.

(g) Renewable generation O&M and RRR expiration. The Petroleum Alliance's renewable generation O&M disallowance issue and RRR tariff expiration-date issue remain outstanding except to the extent otherwise resolved by separate stipulation.

(h) Rate design. Rate-design issues not expressly tied to the large-load/self-supply tariff terms settled herein remain outstanding, including Walmart's reduced-revenue-requirement rate-design proposal and mitigation of increases to C&I service levels.

(i) Special contracts and customer-specific arrangements. The preservation or approval of Commission-approved special contracts for atypical, capital-intensive large-load projects remains outstanding except to the extent this Joint Stipulation recognizes that uniform tariff terms may serve as a floor rather than a ceiling if the Commission approves a special contract.

10.3. No Stipulating Party waives its right to litigate or settle any outstanding issue not expressly settled herein.

11. Discovery and Motions

11.1. As between and among the Stipulating Parties, all pending requests for discovery and all motions pending before either the Commission or the Administrative Law Judge relating solely to the settled large-load/self-supply issues addressed in this Joint Stipulation are hereby withdrawn upon Commission approval of this Joint Stipulation.

11.2. Discovery requests and motions relating to issues not resolved by this Joint Stipulation are not withdrawn unless otherwise agreed in writing by the affected parties or ordered by the Commission.

12. General Reservations

12.1. The Stipulating Parties represent and agree that, except as specifically otherwise provided herein, this Joint Stipulation represents a negotiated settlement for the purpose of compromising and settling the issues identified as settled herein.

12.2. Each of the undersigned counsel of record affirmatively represents that he or she has full authority to execute this Joint Stipulation on behalf of the client or clients represented.

12.3. None of the signatories shall be prejudiced or bound by the terms of this Joint Stipulation if the Commission does not approve this Joint Stipulation, or if any appeal of a Commission order adopting this Joint Stipulation is filed with the Oklahoma Supreme Court.

12.4. The Stipulating Parties agree that the provisions of this Joint Stipulation are the result of extensive negotiations and that the terms and conditions of this Joint Stipulation are interdependent. The Stipulating Parties agree that settling the issues identified herein is in the public interest and that they have entered into this Joint Stipulation to settle those issues among themselves.

12.5. This Joint Stipulation shall not constitute, be cited as, or be deemed an admission or precedent by any Stipulating Party in any other proceeding, except as necessary to enforce its terms before the Commission or any court of competent jurisdiction. The Commission's decision, if it enters an order consistent with this Joint Stipulation, shall be binding as to the settled matters decided in this Cause, but shall not be binding with respect to similar issues that may arise in other proceedings.

12.6. A Stipulating Party's support of this Joint Stipulation may differ from its position or testimony in other causes. To the extent there is a difference, the Stipulating Parties do not waive their positions in other causes. Because this is a stipulated agreement, the Stipulating Parties are under no obligation to take the same position as set out in this Joint Stipulation in other dockets.

13. Non-Severability

13.1. The Stipulating Parties stipulate and agree that the agreements contained in this Joint Stipulation have resulted from negotiations among the Stipulating Parties and are interrelated and interdependent.

13.2. The Stipulating Parties specifically state and recognize that this Joint Stipulation represents a balancing of positions of each Stipulating Party in consideration for the agreements and commitments made by the other Stipulating Parties in connection herewith.

13.3. Therefore, if the Commission does not approve and adopt the terms of this Joint Stipulation in total and without modification or condition, unless the affected party or parties consent to such modification or condition, this Joint Stipulation shall be void and of no force and effect, and no Stipulating Party shall be bound by the agreements or provisions contained herein.

13.4. The Stipulating Parties agree that neither this Joint Stipulation nor any provision hereof shall become effective unless and until the Commission has entered an order approving all terms and provisions as agreed by the Stipulating Parties and such order becomes final and non-appealable.

14. Requested Commission Findings

14.1. The Stipulating Parties respectfully request that the Commission find:

- (a) the Commission has jurisdiction over PSO and over the subject matter of this Cause;
- (b) approval of the large-load tariff framework and Rider SSS or successor self-supply rider is within the Commission's constitutional and statutory authority;
- (c) the large-load tariff framework described herein is fair, just, reasonable, and in the public interest;

(d) the large-load tariff framework is consistent with HB 2992's cost-causation and customer-protection requirements;

(e) the true-up, CIAC, minimum-charge, collateral, and exit-fee provisions are designed to prevent cost shifts to residential, commercial, industrial, and any other rate class;

(f) the 75 MW applicability threshold is reasonable for the large-load tariff framework adopted herein;

(g) Option 1, Option 2, and Option 3 provide lawful, cost-based tariffed service options for eligible large-load customers; and

(h) this Joint Stipulation should be approved in its entirety.

WHEREFORE, the Stipulating Parties hereby submit this Joint Stipulation and Settlement Agreement to the Commission as their negotiated settlement of the issues identified herein and respectfully request the Commission to issue an order approving this Joint Stipulation and Settlement Agreement.

Signature Blocks

PUBLIC SERVICE COMPANY OF OKLAHOMA

By: _____
Name: _____
Title/Counsel: _____
Date: _____

OFFICE OF THE OKLAHOMA ATTORNEY GENERAL

By: _____
Name: _____
Title/Counsel: _____
Date: _____

GOOGLE, LLC

By: _____
Name: _____
Title/Counsel: _____
Date: _____

PUBLIC UTILITY DIVISION, OKLAHOMA CORPORATION COMMISSION

By: Fairo Mitchell
Name: Fairo Mitchell
Title/Counsel: PUD Director
Date: 06/26/2026

OKLAHOMA INDUSTRIAL ENERGY CONSUMERS

By: _____
Name: _____
Title/Counsel: _____
Date: _____

WALMART INC.

By: _____
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Title/Counsel: _____
Date: _____

**UNITED STATES DEPARTMENT OF DEFENSE AND ALL OTHER FEDERAL
EXECUTIVE AGENCIES**

By: _____
Name: _____
Title/Counsel: _____
Date: _____

DATA CENTER COALITION

By: _____
Name: _____
Title/Counsel: _____
Date: _____

AARP

By: _____
Name: _____
Title/Counsel: _____
Date: _____

THE PETROLEUM ALLIANCE OF OKLAHOMA

By: _____
Name: _____
Title/Counsel: _____
Date: _____

Case No. PUD2025-000075
Certificate of Service

CERTIFICATE OF SERVICE

This is to certify that on the 26th day of June 2026, a true and correct copy of the above and foregoing *Settlement Testimony of Mary Elizabeth Purvis* was electronically served via the Electronic Case Filing System to those on the Official Electronic Case Filing Service List, or via electronic mail to the following persons:

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CASE PUD2025-000075 ENTRY NO. 785 FILED IN OCC COURT CLERK'S OFFICE ON 06/26/2026 - PAGE 38 OF 38

Case No. PUD2025-000075
Certificate of Service

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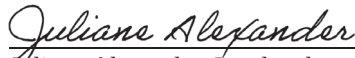
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OKLAHOMA CORPORATION COMMISSION

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE COMPANY)
OF OKLAHOMA, AN OKLAHOMA)
CORPORATION, FOR AN ADJUSTMENT IN ITS)
RATES AND CHARGES AND THE ELECTRIC)
SERVICE RULES, REGULATIONS AND) CASE NO. PUD2025-000075
CONDITIONS OF SERVICE FOR ELECTRIC)
SERVICE IN THE STATE OF OKLAHOMA AND)
TO APPROVE VARIOUS COST RECOVERY)
MECHANISMS AND TARIFFS)



SETTLEMENT TESTIMONY
OF
FARZAD KHALILI
June 26, 2026

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

**SETTLEMENT TESTIMONY
OF
FARZAD KHALILI**

June 26, 2026

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INTRODUCTION

1 **Q: Please state your name.**

2 **A: My name is Farzad Khalili.**

3 **Q: Are you the same Farzad Khalili who filed Responsive Testimony in this Case?**

4 **A: Yes.**

PURPOSE

5 **Q: What is the purpose of your Settlement Testimony regarding the Application of**
6 **Public Service Company of Oklahoma ("PSO" or "Company"), for an adjustment in**
7 **its rates and charges for electric service in the State of Oklahoma?**

8 **A: The purpose of my Testimony is to discuss the Public Utility Division's ("PUD") support**
9 **of the Joint Stipulation and Settlement Agreement ("Joint Stipulation" or "Agreement")**
10 **filed in this Case. See Exhibit "1" attached.**

CASE BACKGROUND

11 **Q: Please provide a brief history of this Case leading up to the filing of the Agreement.**

12 **A: On January 2, 2026, PSO filed an Application with the Oklahoma Corporation Commission**
13 **("Commission") for an adjustment in its rates and charges for electric service in the State**
14 **of Oklahoma and to approve various cost recovery mechanisms and tariffs. PUD and other**
15 **parties in this Case filed Responsive Testimony on May 1, 2026. PUD and certain other**
16 **parties in this Case then followed with Cost of Service / Rate Design Testimony on May**

1 15, 2026. Rebuttal Testimony of PSO and other parties to the Case was then filed on May
2 29, 2026. The parties held extensive settlement discussions in this Case, including the
3 official Settlement Conference held on June 3, 2026, pursuant to the Preliminary Order.
4 On June 26, 2026, an Agreement was reached by the Stipulating Parties, and it was filed
5 on June 26, 2026.

6 **Q: What is your role in this Case?**

7 **A:** I am the Lead Analyst for PUD in this case.

JOINT STIPULATION AND SETTLEMENT AGREEMENT

8 **Q: What does the Joint Stipulation and Settlement Agreement resolve?**

9 **A:** The Joint Stipulation resolves all issues in this proceeding between the Stipulating Parties
10 with two exceptions: (1) the allocation method to be utilized for transmission costs; and (2)
11 the tariff to be adopted for a new Large Load Tariff consistent with House Bill 2992. Those
12 two issues remain open to be presented at hearing.

13 **Q: Have all parties signed the Joint Stipulation?**

14 **A:** No. The Stipulating Parties include PUD, PSO, the Office of the Oklahoma Attorney
15 General, the Petroleum Alliance of Oklahoma, and AARP.

1 **Q: Which Parties did not sign the Agreement?**

2 A: Google and the Data Center Coalition are not joining but not objecting this Settlement.
3 OIEC, Walmart and the Department of Defense are not joining and objecting to this
4 Settlement.

6 **Q: Describe Section 1 of the Joint Stipulation and Settlement Agreement?**

7 A: Section 1 of the Agreement outlines all the main provisions of the Joint Stipulation
8 addressing revenue requirement, tariffs, and other agreements. It contains multiple
9 subparts. This testimony will discuss each of those subparts.

10 **Q: What is the first provision of the Joint Stipulation?**

11 A: Provision 1(a) states:

12 The Stipulating Parties agree that the Commission should find a base rate
13 revenue deficiency of \$447.1 million on a gross basis (representing a 39%
14 base rate change), based upon a return on equity ("ROE") of 9.375%, a
15 capital structure of 50.15% debt / 49.85% equity (long term debt rate of
16 4.72%), and a weighted average cost of capital ("WACC") of 7.04%,
17 grossed up for taxes of 8.57%. The base rate revenue deficiency is subject
18 to the offsets described in paragraph 1(b) below, resulting in a net revenue
19 deficiency of \$72.7 million and an estimated total bill change of
20 approximately 5%.

21 **Q: Does PUD support this section?**

22 A: Yes. Although the gross base rate revenue deficiency is higher than PUD's filed position,
23 it is substantially lower than PSO's filed and rebuttal positions of \$597.2 million and \$606.9
24 million, respectively. The net revenue impact of \$72.7 million, after significant offsets
25 from rolled-in riders, new production tax credits ("PTC"), PTCs realized in the fuel

1 adjustment clause, and deferred tax liabilities credited through the Tax Change Rider,
2 represents an estimated total bill change of approximately 5%. PUD therefore believes the
3 settlement revenue deficiency represents a fair, just, and reasonable outcome that is in the
4 public interest.

5 In the interest of compromise, PUD and the parties to the Stipulation agreed to a
6 stated ROE of 9.375%. This ROE is higher than PUD's filed position and lower than PSO's
7 current ROE of 9.5% established in Case No. PUD 2023-000086; however, it is within the
8 range of reasonableness supported by the record in this Case. The debt-to-equity ratio of
9 50.15% / 49.85% reflects PSO's actual capital structure. This Joint Stipulation is not
10 precedential and, overall, is fair, just, and reasonable.

11 **Q: What is the second provision of the Joint Stipulation?**

12 **A:** Provision 1(b) sets forth the components of the revenue deficiency as follows:

PSO Filed Base Revenue Deficiency	\$597.2 million
<i>(53% base rate change)</i>	
PSO Filed Rebuttal Adjustments:	
Six Month Post Test Year Rate Base	\$(14.2) million
Six Month Post Test Year Expenses/Revenues	\$30.1 million
Total Six Month Post Test Year	\$15.9 million
Rebuttal Test Year Rate Base	\$1.2 million
Rebuttal Test Year Expenses/Revenues	\$(7.3) million
Total Rebuttal Test Year	\$(6.2) million
PSO Filed Rebuttal Revenue Deficiency	\$606.9 million
<i>(54% base rate change)</i>	

Settlement Adjustments:	
Rate Base – Cash Working Capital	\$0.4 million
Weighted Average Cost of Capital – ROE Adjustment	\$(39.3) million
Incentive Expense	\$(7.4) million
Storm Amortization	\$(22.8) million
Annual Storm Increase	\$(37.2) million
Income Taxes	\$(12.5) million
Factoring	\$(0.1) million
Factoring on Revenue Deficiency	\$(1.1) million
Depreciation & Amortization Expense	\$(32.3) million
Payroll Tax Expense	\$(0.6) million
Payroll Normalization	\$(1.6) million
AEPSC Adjustment (Incl. Payroll)	\$(2.1) million
PBA Deferral Amortization (extended to three years)	\$(2.3) million
Chamber of Commerce Dues	\$(0.1) million
Pension Expense (SERP & Pension Settlement)	\$(0.8) million
PSO Proposed Settlement Revenue Deficiency – Gross	\$447.1 million
<i>(39% base rate change)</i>	
Offsets (Rolled-in Riders)	\$(236.7) million
Offsets (New PTCs)	\$(32.3) million
PTCs Realized in FAC	\$(29.5) million
Deferred Tax Liabilities Offset (Tax Change Rider)	\$(76.0) million
PSO Proposed Settlement Revenue Deficiency – Net	\$72.7 million
<i>(approx. 5% estimated total bill change)</i>	

- 1 The payroll items listed above remove the post six-month payroll adjustments, severance
- 2 expense, pension settlement amortization, and SERP. Offsets reflected above include rider
- 3 amounts rolled into base rates, new production tax credits, PTCs realized in the fuel
- 4 adjustment clause, and deferred tax liabilities credited through PSO's Tax Change Rider.

1 **Q: Does PUD support this provision?**

2 **A:** Yes. This provision outlines how the final base rate revenue requirement was achieved. To
3 arrive at the \$447.1 million gross settlement revenue deficiency, the parties agreed to a
4 series of expense and rate base adjustments as set forth in provision 1(b) above. The net
5 revenue deficiency of \$72.7 million, after application of significant offsets, results in an
6 estimated total bill change of approximately 5% for customers.

7 ROE and capital structure were discussed above. The remaining settlement
8 adjustments include reductions to storm amortization, incentive compensation expense,
9 depreciation and amortization, payroll-related items, income taxes, affiliate service
10 company costs, and other expense items. Although some of these adjustments differ from
11 positions PUD advanced in filed testimony, PUD believes that accepting these differences
12 is reasonable given the overall nature of the settlement, which PUD maintains is fair, just,
13 and reasonable and in the public interest.

14 **Q: What is the third provision of the Joint Stipulation?**

15 **A:** Provision 1(c) states:

16 The Stipulating Parties agree PSO's current Deferred Tax Liabilities related
17 to tax repairs be credited to customers over a two-year period through PSO's
18 Tax Change Rider. PSO shall be authorized to establish a regulatory asset
19 (DTL Regulatory Asset) in the amount necessary to provide the Tax Change
20 Rider credits over the two-year period. PSO will amortize the DTL
21 Regulatory Asset over the life of the underlying plant for which the deferred
22 tax liabilities were established and recover the amortization expense
23 through the Tax Change Rider. The DTL Regulatory Asset will earn a return
24 at PSO's authorized after-tax WACC as an offset to base rate DTLs.

1 **Q: Does PUD support this provision?**

2 **A:** Yes. This provision ensures that customers receive the benefit of PSO's current DTLs
3 related to tax repairs through a two-year credit via the Tax Change Rider. PUD believes
4 this outcome is in the public interest.

5 **Q: What is the fourth provision of the Joint Stipulation?**

6 **A:** Provision 1(d) states:

7 The Stipulating Parties agree the trim cycle vegetation management should
8 be approved consistent with Company Witness Devereux THD-R Figure 3:
9 \$27 million in base rates consistent with PSO's application, \$13 million
10 eligible for deferral through a regulatory asset for the first year of
11 implemented rates, and \$4 million eligible for deferral through a regulatory
12 asset for each year thereafter until PSO's next rate case.

13 **Q: Does PUD support this provision?**

14 **A:** Yes. Although PUD had concerns about the level of vegetation management expense
15 proposed by PSO, the settlement appropriately limits base rate recovery to \$27 million
16 while permitting deferral of \$13 million in the first year and \$4 million per year thereafter
17 through a regulatory asset, subject to review in PSO's next rate case. This structure balances
18 the need to maintain grid reliability and vegetation management obligations with protection
19 of ratepayers from immediate, full cost recovery of amounts that may vary over time.

20 **Q: What is the fifth provision of the Joint Stipulation?**

21 **A:** Provision 1(e) states:

22 The Stipulating Parties agree the Southwest Power Pool Transmission Cost
23 Rider ("SPPTC Rider") recommendation should be approved as proposed

Settlement Testimony – Farzad Khalili
Public Service Company of Oklahoma – Case No. PUD 2025-000075

1 by PSO. PSO agrees to update class allocators annually. PSO also agrees
2 that PUD and other parties retain the right to advocate different positions in
3 future base rate cases.

4 **Q: Does PUD support this provision?**

5 **A:** Yes. The SPPTC Rider, as proposed by PSO, provides a mechanism for ongoing recovery
6 of Southwest Power Pool transmission costs. The requirement that PSO update class
7 allocators annually is an important consumer protection measure that ensures transmission
8 cost allocations remain current and accurate. PUD's preserved right to advocate alternative
9 positions in future proceedings maintains the Commission's and parties' full flexibility to
10 revisit this issue. PUD notes that the broader question of transmission cost allocation
11 methodology remains an open issue to be decided at hearing, as discussed below.

12 **Q: What is the sixth provision of the Joint Stipulation?**

13 **A:** Provision 1(f) states:

14 The Stipulating Parties agree that the Grid Enhancement And Reliability
15 ("GEAR") Rider shall sunset on December 31, 2029, and the rider shall be
16 capped at \$6 million annual recovery going forward. PSO may request
17 additional GEAR Rider recovery in PSO's next rate case.

18 **Q: Does PUD support this provision?**

19 **A:** Yes. The December 31, 2029, sunset date and \$6 million annual cap place meaningful
20 limitations on the GEAR Rider's ongoing impact on ratepayers. Capping the rider and
21 establishing a defined sunset date serves the public interest by limiting recovery outside of
22 a base rate proceeding while preserving PSO's ability to seek additional recovery, if
23 warranted, in its next rate case where the full evidentiary record can be reviewed.

1 **Q: What is the seventh provision of the Joint Stipulation?**

2 **A:** Provision 1(g) states:

3 The Stipulating Parties agree the Renewable Resource Rider sunset shall be
4 extended as proposed by PSO to accommodate the Algodon facility in-
5 service date.

6 **Q: Does PUD support this provision?**

7 **A:** Yes. The extension of the Renewable Resource Rider sunset date is appropriate to align
8 with the Algodon facility in-service date and ensure proper cost recovery for this generation
9 resource. PUD is supportive of this provision.

10 **Q: What is the eighth provision of the Joint Stipulation?**

11 **A:** Provision 1(h) states:

12 The Stipulating Parties agree the second Net Operating Loss Carryforward
13 (NOLC) IRS Private Letter Ruling (PLR) is still pending. Therefore, the
14 parties agree that the Commission will continue to treat the NOLC as
15 ordered in Case No. PUD 2024-000032, and the AG, PUD, and other parties
16 retain the right to advocate for a different NOLC calculation methodology
17 in future base rate cases pending receipt of the Second IRS PLR.

18 **Q: Does PUD support this provision?**

19 **A:** Yes. The NOLC treatment established in Case No. PUD 2024-000032 on an interim basis
20 pending resolution of the Second IRS PLR should be maintained because it remains
21 pending. PSO also agrees that PUD and other parties retain the right to advocate a different
22 NOLC calculation methodology in future proceedings.

23

1 **Q: What is the ninth provision of the Joint Stipulation?**

2 **A:** Provision 1(i) states:

3 The Stipulating Parties agree that PSO's proposed Curtailable Service
4 Tariffs (CSTs) shall be approved.

5 **Q: Does PUD support this provision?**

6 **A:** Yes. CSTs provide customers with voluntary demand response options that can reduce
7 system peak costs and benefit ratepayers broadly through more efficient system operation.
8 PUD is supportive of this provision.

9 **Q: What is the tenth provision of the Joint Stipulation?**

10 **A:** Provision 1(j) states:

11 The Stipulating Parties agree that PSO's proposed modification to the semi-
12 annual redetermination dates in the Fuel Cost Adjustment Rider will be
13 updated, shifting from May and November to February and August.

14 **Q: Does PUD support this provision?**

15 **A:** Yes. The modification to the FAC redetermination schedule is an administrative update
16 that improves alignment with actual fuel cost patterns and provides for more timely and
17 accurate fuel cost recovery. PUD is supportive of this provision.

18 **Q: What is the eleventh provision of the Joint Stipulation?**

19 **A:** Provision 1(k) states:

20 The Stipulating Parties, with the exception of The Petroleum Alliance of Oklahoma,
21 agree that PSO's proposed 12 CP transmission cost allocation, 85% energy/15%

1 demand allocation for wind facilities, and 38% energy/62% demand allocation for
2 solar facilities should be approved.

3 **Q: Does PUD support this provision?**

4 **A:** Yes. PUD is supportive of this position. The 12CP method allocates costs according to
5 when they are caused, making it a fairer approach for all customers. Because SPP bills PSO
6 for transmission using the 12CP allocator, PSO's cost allocation should match this method
7 and reflect how the transmission system is used to serve load. Growing peak demands,
8 extreme winter weather, and variable renewable generation all place stress on the
9 transmission system year-round. The 12CP approach aligns with how the system is planned
10 and operated to ensure reliable service throughout the entire year.

11
12 Renewable generation sources are inherently different than traditional resources as evident
13 through their lower accredited capacity, treatment with in SPP, and marginal cost resources
14 should be allocated based on the functions they provide and the costs they cause. Because
15 renewables mainly provide energy and have low effective capacity and near-zero marginal
16 costs, traditional allocation methods (like 4CP A&E) can misallocate costs.

17

18 **Q: What is the twelfth provision of the Joint Stipulation?**

19 **A:** Provision 1(l) states:

20 The Stipulating Parties agree that all uncontested tariff changes proposed
21 by PSO shall be considered approved.

22

1 **Q: Does PUD support this provision?**

2 **A:** Yes. Approving uncontested tariff changes is consistent with PUD's general positions in
3 this Case.

4 **Q: What is the thirteenth provision of the Joint Stipulation?**

5 **A:** Provision 1(m) states:

6 The Stipulating Parties agree PSO's proposed Large Power and Light (LPL)
7 and Large Load Power (LLP) tariffs filed in Rebuttal Testimony shall be an
8 open issue to be finalized at hearing.

9 **Q: Does PUD support this provision?**

10 **A:** Yes. The LPL and LLP tariff issues present significant and complex questions regarding
11 cost responsibility for large load customers, including data center load, under House Bill
12 2992. Preserving these tariff issues as open for hearing ensures the Commission can
13 consider the full record, including the implications of HB 2992, the appropriate rate design
14 for large load customers, System Contribution Charges, exit fees, minimum billing
15 demand, and related issues, before making a final determination. This is consistent with
16 PUD's filed positions.

17 **Q: What are Sections 2, 3, and 4 of the Joint Stipulation?**

18 **A:** Section 2 of the Joint Stipulation explains that all pending discovery requests and motions
19 from the Stipulating Parties are withdrawn, except for those related to transmission cost
20 allocation or the Large Load Tariff, which remain active given those issues are proceeding
21 to hearing. Section 3 outlines the General Reservations, which similarly carve out matters

1 relating to cost allocations and the Large Load Tariff from the general reservation
2 provisions. Section 4 contains the non-severability clause. These are items commonly
3 included in Joint Stipulation and Settlement Agreements, and PUD agrees with their
4 inclusion.

RECOMMENDATION

5 **Q: What is the Public Utility Division's ("PUD") recommendation to the Oklahoma**
6 **Corporation Commission ("Commission") regarding the Application of Public**
7 **Service Company of Oklahoma ("PSO"), for an adjustment in its rates and charges**
8 **for electric service in the State of Oklahoma?**

9 **A:** PUD recommends the Commission approve the Joint Stipulation and Settlement
10 Agreement filed in this Case. The Joint Stipulation and Settlement Agreement is the result
11 of robust settlement negotiations between the parties, and PUD believes it is fair, just,
12 reasonable, and in public interest.

13 The settlement achieves a gross revenue deficiency of \$447.1 million, reflecting a
14 39% base rate change, which is substantially below PSO's direct filed and rebuttal requests
15 of \$597.2 million and \$606.9 million, respectively. After applying significant offsets that
16 include riders rolling into base rates, new production tax credits, PTCs realized in the fuel
17 adjustment clause, and deferred tax liabilities credited through the Tax Change Rider, the
18 net revenue deficiency is \$72.7 million. This represents an estimated total bill change of
19 approximately 5% for customers. PUD believes this outcome appropriately balances the

1 interests of PSO's shareholders and ratepayers and is consistent with the Commission's
2 statutory mandate to ensure fair, just and reasonable, rates.

3 PUD also notes that transmission cost allocation is not resolved by the Joint
4 Stipulation and needs to be decided by the Commission based on the full evidentiary
5 record. PUD will continue to advocate its position on this issue at hearing. Additionally,
6 the Large Load Tariff consistent with HB 2992 is subject to a non-unanimous Settlement
7 Agreement.

I state, under penalty of perjury under the laws of Oklahoma, that the foregoing is true and correct
to the best of my knowledge and belief.

Farzad Khalili _____

Farzad Khalili

AFFIDAVIT

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA)

On June 26, 2026, before me appeared Farzad Khalili, to me personally known, who, being by me first duly sworn, states that he is Programs Manager VI for the Public Utility Division of the Oklahoma Corporation Commission and acknowledges that he prepared the Settlement Testimony filed on June 26, 2026, and believes that the statements therein are true and correct to the best of his information, knowledge, and belief.

Print: Farzad Khalili

Signature: /s/Farzad Khalili

Subscribed and sworn to before me this 26th day of June 2026.



Julianne Alexander
Notary Public
Commission Number: 22003737

My Commission expires: 03/17/2030

EXHIBIT 1

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE)
COMPANY OF OKLAHOMA, AN)
OKLAHOMA CORPORATION, FOR)
AN ADJUSTMENT IN ITS RATES AND)
CHARGES AND THE ELECTRIC) CASE NO. PUD 2025-000075
SERVICE RULES, REGULATIONS AND)
CONDITIONS OF SERVICE FOR)
ELECTRIC SERVICE IN THE STATE)
OF OKLAHOMA AND TO APPROVE)
VARIOUS COST RECOVERY)
MECHANISMS AND TARIFFS)

JOINT STIPULATION AND SETTLEMENT AGREEMENT

COME NOW the undersigned parties to the above-entitled case and present the following Joint Stipulation and Settlement Agreement ("Joint Stipulation") for the Commission's review and approval as their compromise and settlement of all issues in this proceeding between the parties to this Joint Stipulation ("Stipulating Parties") with the exception of the tariff to be adopted for a new Large Load Tariff consistent with HB2992.¹ The Stipulating Parties represent to the Commission that this Joint Stipulation represents a fair, just and reasonable settlement of these issues, that the terms and conditions of the Joint Stipulation are in the public interest, and the Stipulating Parties urge the Commission to issue an Order in this adopting and approving this Joint Stipulation.

It is hereby stipulated and agreed by and between the Stipulating Parties as follows:

TERMS OF THE JOINT STIPULATION AND SETTLEMENT AGREEMENT

Effective with the final order of the Oklahoma Corporation Commission ("OCC") approving all elements of this Joint Stipulation:

1. Revenue Requirement, Tariffs, and Other Agreements:

- (a) The Stipulating Parties agree that the Commission should find a base rate revenue deficiency of \$447.1 million on a gross basis (representing a 39% base rate change), based upon a return on equity of 9.375%, a capital structure of 50.15% debt/49.85% equity (long term debt rate of 4.72%), and weighted average cost of capital ("WACC") of 7.04%, grossed up for taxes of 8.57%. The base rate revenue deficiency is subject to the offsets described in paragraph 1(b) below, resulting in a net revenue deficiency of \$72.7 million and an estimated total bill change of approximately 5%.

¹ The Petroleum Alliance of Oklahoma does not support section 1(k) of the Stipulation.

- (b) The Stipulating Parties agree on the following components of the revenue deficiency:

PSO Filed Rebuttal Revenue Deficiency	\$ 606.9		Base Rate Change	54%
Settlement Terms				
Rate Base Items				
Cash Working Capital	\$ 0.4			
Weighted Average Cost of Capital				
Δ ROE	\$ (39.3)			
Expenses/Revenue Items				
Incentive Expense	\$ (7.4)			
Storm Amortization	\$ (22.8)			
Annual Storm Increase	\$ (37.2)			
Income Taxes	\$ (12.5)			
Factoring	\$ (0.1)			
Factoring on Rev Deficiency	\$ (1.1)			
Depreciation & Amortization Expense	\$ (32.3)			
Payroll Tax Expense	\$ (0.6)			
Payroll Normalization	\$ (1.6)			
AEPSC Adjustment (Incl. Payroll)	\$ (2.1)			
PBA Deferral Amortization to three years	\$ (2.3)			
Chamber of Commerce Dues	\$ (0.1)			
Pension Expense (SERP & Pension Settlement)	\$ (0.8)			
PSO Proposed Settlement Revenue Deficiency - Gross	\$ 447.1		Base Rate Change	39%
Offsets (Rolled in Riders)	\$ (236.7)			
Offsets (New PTC's)	\$ (32.3)			
PTCs Realized in FAC	\$ (29.5)			
Deferred Tax Liabilities Offset (Tax Change Rider)	\$ (76.0)			
PSO Proposed Settlement Revenue Deficiency - Net	\$ 72.7		Total Bill Change	5%

The Stipulating Parties agree the payroll items listed above remove the post six-month payroll adjustments, severance expense, pension settlement amortization, and SERP. PSO's requested pension settlement regulatory asset will not be established. Offsets reflected above include amounts rolled into existing riders, new production tax credits, PTCs realized in the fuel adjustment clause, and deferred tax liabilities credited through PSO's Tax Change Rider.

- (c) The Stipulating Parties agree PSO's current Deferred Tax Liabilities related to tax repairs be credited to customers over a two-year period through PSO's Tax Change Rider. PSO shall be authorized to establish a regulatory asset (DTL Regulatory Asset) in the amount necessary to provide the Tax Change Rider credits over the two year period. PSO will amortize the DTL Regulatory Asset over the life of the underlying plant for which the deferred tax liabilities were established and recover the amortization expense through the Tax Change Rider. The DTL Regulatory

Asset will earn a return at PSO's authorized after-tax WACC as an offset to base rate DTLs.

- (d) The Stipulating Parties agree the trim cycle vegetation management should be approved consistent with Company Witness Devereux THD-R Figure 3: \$27M in base rates consistent with PSO's application, \$13M eligible for deferral through a regulatory asset for the first year of implemented rates, and \$4M eligible for deferral through a regulatory asset for each year thereafter until PSO's next rate case.
- (e) The Stipulating Parties agree the Southwest Power Pool Transmission Cost Rider recommendation should be approved as proposed by PSO. PSO agrees to update class allocators annually. PSO also agrees that PUD and other parties retain the right to advocate different positions in future base rate cases.
- (f) The Stipulating Parties agree that the Grid Enhancement And Resiliency (GEAR) Rider shall sunset on December 31, 2029, and the rider shall be capped at \$6M annual recovery going forward. PSO may request additional GEAR Rider recovery in PSO's next rate case.
- (g) The Stipulating Parties agree the Renewable Resource Rider sunset shall be extended as proposed by PSO to accommodate the Algodon facility in-service date.
- (h) The Stipulating Parties agree the second Net Operating Loss Carryforward (NOLC) IRS Private Letter Ruling (PLR) is still pending. Therefore, the parties agree that the Commission will continue to treat the NOLC as ordered in Case No. PUD 2024-000032 and the AG, PUD, and other parties retain the right to advocate for a different NOLC calculation methodology in future base rate cases pending receipt of the Second IRS PLR.
- (i) The Stipulating Parties agree PSO's proposed Curtailable Service Tariffs (CSTs) shall be approved.
- (j) The Stipulating Parties agree that PSO's proposed modification to the semi-annual redetermination dates in the Fuel Cost Adjustment Rider will be updated, shifting from May and November to February and August.
- (k) The Stipulating Parties, with the exception of The Petroleum Alliance of Oklahoma, agree that PSO's proposed 12 CP transmission cost allocation, 85% energy / 15% demand allocation for wind facilities, and 38% energy / 62% demand allocation for solar facilities should be approved.
- (l) The Stipulating Parties agree that all uncontested tariff changes proposed by PSO shall be considered approved.

- (m) The Stipulating Parties agree PSO's proposed Large Power and Light (LPL) and Large Load Power (LLP) tariffs filed in Rebuttal Testimony shall be an open issue to be finalized at hearing.

2. Discovery and Motions.

As between and among the Stipulating Parties, all pending requests for discovery, and all motions pending before either the Commission or the Administrative Law Judge not related to transmission allocation or the Large Load Tariff, are hereby withdrawn.

3. General Reservations.

The Stipulating Parties represent and agree that, except as specifically otherwise provided herein with the exception of those relating to cost allocations and the Large Load Tariff:

- (a) This Joint Stipulation represents a negotiated settlement for the purpose of compromising and settling all issues which were raised relating to this proceeding.
- (b) Each of the undersigned counsel of record affirmatively represents that he or she has full authority to execute this Joint Stipulation on behalf of their client(s).
- (c) None of the signatories hereto shall be prejudiced or bound by the terms of this Joint Stipulation in the event the Commission does not approve this Joint Stipulation nor shall any of the Stipulating Parties be prejudiced or bound by the terms of this Joint Stipulation should any appeal of a Commission order adopting this Joint Stipulation be filed with the Oklahoma Supreme Court.
- (d) Nothing contained herein shall constitute an admission by any party that any allegation or contention in these proceedings as to any of the foregoing matters is true or valid.
- (e) The Stipulating Parties agree that the provisions of this Joint Stipulation are the result of extensive negotiations, and the terms and conditions of this Joint Stipulation are interdependent. The Stipulating Parties agree that settling the issues in this Joint Stipulation is in the public interest and, for that reason, they have entered into this Joint Stipulation to settle among themselves the issues in this Joint Stipulation. This Joint Stipulation shall not constitute nor be cited as a precedent nor deemed an admission by any Stipulating Party in any other proceeding except as necessary to enforce its terms before the Commission or any state court of competent jurisdiction. The Commission's decision, if it enters an order consistent with this Joint Stipulation, will be binding as to the matters decided regarding the issues described in this Joint Stipulation, but the decision will not be binding with respect to similar issues that might arise in other proceedings. A Stipulating Party's support of this Joint Stipulation may differ from its position or testimony in other causes. To the extent there is a difference, the Stipulating Parties are not waiving their positions in other causes. Because this is a stipulated agreement, the

Stipulating Parties are under no obligation to take the same position as set out in this Joint Stipulation in other dockets.

4. Non- Severability.

The Stipulating Parties stipulate and agree that the agreements contained in this Joint Stipulation have resulted from negotiations among the Stipulating Parties and are interrelated and interdependent. The Stipulating Parties hereto specifically state and recognize that this Joint Stipulation represents a balancing of positions of each of the Stipulating Parties in consideration for the agreements and commitments made by the other Stipulating Parties in connection therewith. Therefore, in the event that the Commission does not approve and adopt the terms of this Joint Stipulation in total and without modification or condition (provided, however, that the affected party or parties may consent to such modification or condition), this Joint Stipulation shall be void and of no force and effect, and no Stipulating Party shall be bound by the agreements or provisions contained herein. The Stipulating Parties agree that neither this Joint Stipulation nor any of the provisions hereof shall become effective unless and until the Commission enters an Order approving all of the terms and provisions as agreed by the parties to this Joint Stipulation and such Order becomes final and non-appealable.

WHEREFORE, the Stipulating Parties hereby submit this Joint Stipulation and Settlement Agreement to the Commission as their negotiated settlement of this proceeding with respect to all issues which were raised with respect to this Application, with exception of those issues specifically noted in this Agreement, and respectfully request the Commission to issue an Order approving this Joint Stipulation and Settlement Agreement.

**PUBLIC UTILITY DIVISION
OKLAHOMA CORPORATION
COMMISSION**

**PUBLIC SERVICE COMPANY OF
OKLAHOMA**

By: _____
Fairo Mitchell, Director of the Public
Utility Division of the Oklahoma
Corporation Commission

By: _____
Jack P. Fite
Kenneth Tillotson
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**GENTNER DRUMMOND
ATTORNEY GENERAL OF THE
STATE OF OKLAHOMA**

By: _____
Thomas Grossnicklaus
Deputy Attorney General

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WALMART INC.

By: _____
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DOD/FEA

By: _____
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**THE PETROLEUM ALLIANCE OF
OKLAHOMA**

By: _____
J. David Jacobson
Attorney for The Petroleum Alliance of
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AARP

By: _____
Adam J. Singer
Attorney for AARP

GOOGLE

By: _____
James A. Roth
Attorney for Google

DATA CENTER COALITION

By: _____
Kenneth E. Wagner
Attorney for Data Center Coalition

CASE PUD PUD2025-000075 ENTRY NO. 786 FILED IN OCC COURT CLERK'S OFFICE ON 06/26/2026 - PAGE 24 OF 25

Case No. PUD2025-000075
Certificate of Service

CERTIFICATE OF SERVICE

This is to certify that on the 26th day of June 2026, a true and correct copy of the above and foregoing *Settlement Testimony of Farzad Khalili* was electronically served via the Electronic Case Filing System to those on the Official Electronic Case Filing Service List, or via electronic mail to the following persons:

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CASE PUD PUD2025-000075 ENTRY NO. 786 FILED IN OCC COURT CLERK'S OFFICE ON 06/26/2026 - PAGE 25 OF 25

Case No. PUD2025-000075
Certificate of Service

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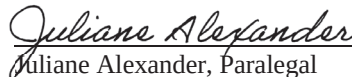
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OKLAHOMA CORPORATION COMMISSION

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE)	
COMPANY OF OKLAHOMA, AN)	
OKLAHOMA CORPORATION, FOR)	
AN ADJUSTMENT IN ITS RATES AND)	
CHARGES AND THE ELECTRIC)	CASE NO. PUD 2025-000075
SERVICE RULES, REGULATIONS AND)	
CONDITIONS OF SERVICE FOR)	
ELECTRIC SERVICE IN THE STATE)	
OF OKLAHOMA AND TO APPROVE)	
VARIOUS COST RECOVERY)	
MECHANISIMS AND TARIFFS)	

**STATEMENT OF SUPPORT AND CONCURRENCE
OF THE PETROLEUM ALLIANCE OF OKLAHOMA**

COMES NOW The Petroleum Alliance of Oklahoma ("The Petroleum Alliance") and hereby submits its Statement of Support and Concurrence for the Joint Stipulation and Settlement Agreement ("Joint Stipulation") filed in this case by the Office of the Attorney General of the State of Oklahoma ("the Attorney General"), the Public Utility Division of the Oklahoma Corporation Commission ("PUD") and Google LLC ("Google") with regard to Commission approval of a Large Load Tariff for Public Service Company of Oklahoma ("PSO").

The Petroleum Alliance supports and concurs in the Joint Stipulation. It represents a fair, just and reasonable compromise and settlement of the large-load and self-supply issues in this Case. Further, The Petroleum Alliance supports Commission approval of the Large Load Tariff with the three service options proposed in the Joint Stipulation which is applicable to eligible customers with contract demand exceeding 75 MW at a single delivery point.

CASE PUD 2025-000075 ENTRY NO. 789 FILED IN OCC COURT CLERK'S OFFICE ON 06/29/2026 - PAGE 2 OF 3

Respectfully submitted,

s/ J. David Jacobson

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*Attorney for The Petroleum Alliance of
Oklahoma*

CERTIFICATE OF SERVICE

The undersigned certifies that on the 29th day of June, 2026, a true and correct copy of the above and foregoing was delivered via electronic mail addressed to the following:

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s/ J. David Jacobson

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC	)	
SERVICE COMPANY OF	)	
OKLAHOMA, AN OKLAHOMA	)	
CORPORATION, FOR AN	)	
ADJUSTMENT IN ITS RATES AND	)	
CHARGES AND THE ELECTRIC	)	CASE NO. PUD 2025-000075
SERVICE RULES, REGULATIONS	)	
AND CONDITIONS OF SERVICE	)	
FOR ELECTRIC SERVICE IN THE	)	
STATE OF OKLAHOMA AND TO	)	
APPROVE VARIOUS COST	)	
RECOVERY MECHANISMS AND	)	
TARIFFS	)	

**SUPPLEMENTAL TESTIMONY OF DAVID E. DISMUKES, PH.D.
IN SUPPORT OF SETTLEMENT PROPOSAL
ON BEHALF OF
THE PETROLEUM ALLIANCE OF OKLAHOMA**

June 29, 2026

Table of Exhibits

Settlement Proposal related to Large Load Service Rate Schedule.....Exhibit DED-8

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is David E. Dismukes. My business address is 5800 One Perkins Place Drive,
3 Suite 5-F, Baton Rouge, Louisiana, 70808.

4 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?**

5 A. Yes. I filed testimony in this proceeding on May 1 and 15, 2026, on behalf of The
6 Petroleum Alliance of Oklahoma ("The Petroleum Alliance").

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 A. I have been retained by The Petroleum Alliance of Oklahoma to provide an expert opinion
9 to the Oklahoma Corporation Commission ("the Commission" or "OCC") on a settlement proposal
10 filed by the Office of the Oklahoma Attorney General ("Attorney General") and Google, LLC
11 ("Google") which would create a new tariff rate schedule referred to as "Large Load Service" or
12 "LLS" as shown in Exhibit DED-8. This settlement proposal is in response to proposed
13 modifications to the Large Power and Light ("LPL") rate schedule made by the Public Service
14 Company of Oklahoma ("PSO" or "the Company") and in recognition of Oklahoma HB2992, the
15 Data Center Customer Protection Act of 2026 which becomes effective July 1, 2026.

16 **Q. IS THE LLS RATE SCHEDULE PROPOSED BY THE ATTORNEY GENERAL**
17 **AND GOOGLE CONSISTENT WITH YOUR RECOMMENDATION IN RESPONSIVE**
18 **TESTIMONY?**

19 A. Yes. My responsive testimony offers three recommendations related to large load tariff
20 requirements. First, I recommend that the minimum qualification threshold be increased from 10
21 to 75 MW. The settlement proposal is consistent with this recommendation by establishing a
22 qualification threshold of 75 MW. Second, I recommend that the minimum billing demand be set
23 at 80 percent. Likewise, the settlement proposal establishes a minimum billing demand of 80

1 percent. Lastly, I recommend that the Company's proposed System Contribution Charge be
2 rejected. Similarly, the settlement proposal does not include the Company's System Contribution
3 Charge. Moreover, the settlement proposal includes additional requirements that offer protection
4 to ratepayers while also providing more flexibility for large load customers.

5 **Q. WHICH ADDITIONAL REQUIREMENTS INCLUDED IN THE SETTLEMENT**
6 **PROPOSAL OFFER RATEPAYER PROTECTION AND GREATER FLEXIBILITY?**

7 A. The settlement proposal requires each large load customer to fund, through a contribution
8 in aid of construction ("CIAC"), 100 percent of the direct-connect facilities required to serve its
9 specific load, as well as a prefunded share of network upgrades sized to ensure that existing
10 customers' transmission rates are held harmless. Furthermore, the settlement proposal offers three
11 distinct service options: Option 1, where a customer self-supplies 100 percent of its capacity and
12 energy needs; Option 2, where a portion of the customer's load is self-supplied and the remainder
13 is served by the Company; and Option 3, where a customer takes all of its generation service from
14 the Company. This three-option structure not only provides large load customers with the
15 flexibility to select the service arrangement that best fits their individual operational needs, but
16 also benefits existing ratepayers by allowing customers who self-supply some or all of their
17 generation needs to reduce the amount of Company investment required to serve them, thereby
18 limiting the potential for cost shifting to other customer classes.

19 **Q. DOES THE SETTLEMENT PROPOSAL HAVE ANY ECONOMIC**
20 **DEVELOPMENT BENEFITS FOR OKLAHOMA?**

21 A. Yes. The settlement proposal provides clear rules and flexibility necessary for Oklahoma
22 to attract new large-scale capital investment into the state while establishing reasonable and
23 prudent protections for existing ratepayers.

1 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATION RELATED TO THE**
2 **LARGE LOAD TARIFF SETTLEMENT PROPOSAL.**

3 A. I recommend the Commission approve the LLT settlement proposal. The proposed tariff
4 strikes a reasonable balance between protecting existing ratepayers and promoting economic
5 development in the state of Oklahoma.

6 **Q. DO YOU HAVE ANY ADDITIONAL RECOMMENDATIONS ASSOCIATED**
7 **WITH THE PROPOSED TARIFF?**

8 A. Yes. I recommend language be added to the tariff that makes it explicitly clear that
9 participation for all existing loads is strictly optional and that customers can choose to remain on
10 their existing service tariff even if that customer's current capacity is under 75 MW, but increases
11 to meet or exceed the 75 MW threshold limit at any point in the future.

12 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY FILED JUNE**
13 **29, 2026?**

14 A. Yes.

CASE PUD 2025-000075 ENTRY NO. 790 FILED IN OCC COURT CLERK'S OFFICE ON 06/29/2026 - PAGE 6 OF 21

Witness: Dismukes
Case No. PUD 2025-000075

Table of Exhibits

Title	Attachment
Settlement Proposal related to Large Load Service Rate Schedule	Exhibit DED-8

CASE PUD 2025-000075 ENTRY NO. 770 FILED IN OCC COURT CLERK'S OFFICE ON 06/28/2026 - PAGE 17 OF 291

Witness: Dismukes
Case No. PUD 2025-000075
Exhibit DED-8

**BEFORE THE CORPORATION COMMISSION OF THE STATE OF
OKLAHOMA**

APPLICATION OF PUBLIC SERVICE)
COMPANY OF OKLAHOMA, AN)
OKLAHOMA CORPORATION, FOR)
AN ADJUSTMENT IN ITS RATES AND)
CHARGES AND THE ELECTRIC) CASE NO. PUD 2025-000075
SERVICE RULES, REGULATIONS AND)
CONDITIONS OF SERVICE FOR)
ELECTRIC SERVICE IN THE STATE)
OF OKLAHOMA AND TO APPROVE)
VARIOUS COST RECOVERY)
MECHANISMS AND TARIFFS)

Joint Stipulation and Settlement Agreement

COME NOW the undersigned parties to the above-entitled Cause and present the following Joint Stipulation and Settlement Agreement (the Joint Stipulation) for the Oklahoma Corporation Commission's (Commission or OCC) review and approval as their compromise and settlement of the large-load tariff and self-supply issues described herein. The Stipulating Parties represent to the Commission that this Joint Stipulation is fair, just and reasonable, is in the public interest, and should be approved.

The Stipulating Parties further state that Public Service Company of Oklahoma (PSO) filed this Cause to review PSO's rates, charges, regulations and conditions of service and to obtain approval of various cost recovery mechanisms and tariffs, including large-load tariff terms. PSO's Application states that PSO is an Oklahoma corporation engaged in generating, purchasing, transmitting, distributing and selling electric energy in Oklahoma, and that its Oklahoma operations are subject to the Commission's jurisdiction.

Terms of the Joint Stipulation and Settlement Agreement

Effective with the final order of the Commission approving all elements of this Joint Stipulation:

1. Approval of Separate Large Load Tariff Framework

1.1. The Stipulating Parties agree that PSO shall establish a new, separate large-load tariff (Large Load Service or LLS Tariff) applicable to eligible customers with contract demand

CASE PUD 2025-000075 ENTRY NO. 770 FILED IN OCC COURT CLERK'S OFFICE ON 06/21/2026 - PAGE 8 OF 21

Witness: Dismukes
Case No. PUD 2025-000075
Exhibit DED-8

exceeding 75 MW at a single delivery point. The tariff shall be separate from, and shall not be treated as a carve-out from, PSO's existing large-customer tariff.

1.2. The Stipulating Parties agree that the large-load tariff should include three service options: (a) an Option 1 self-supply or bring-your-own-generation (BYOG) option under which the customer takes no generation service from PSO; (b) an Option 2 mixed-service option under which a portion of the customer's load is served under Option 1 and a portion under Option 3; and (c) an Option 3 full-utility-generation-service option under which the customer takes generation service from PSO.

1.3. The Stipulating Parties acknowledge that the settlement proposal provides terms and conditions for three service options within a new large-load tariff applicable to eligible customers with contract demand exceeding 75 MW.

2. HB 2992 Compliance and Cost-Causation Protections

2.1. The Stipulating Parties acknowledge that Oklahoma HB 2992, the Data Center Customer Protection Act of 2026,¹ was approved by the Governor on May 11, 2026, and becomes effective July 1, 2026. The Stipulating Parties intend that the tariff approved under this Joint Stipulation comply with HB 2992 and any Commission rule, order, or directive implementing HB 2992.

2.2. The Stipulating Parties agree that the large-load tariff shall be interpreted, administered and, if necessary, modified to ensure that residential, commercial, industrial and other non-large-load customers are protected from unjust rates resulting directly from electric service to large-load customers, and that costs and revenues are assigned and allocated in accordance with cost-causation principles.

2.3. The Stipulating Parties agree that each service option shall include a true-up mechanism. Under that mechanism, PSO shall periodically review, in a general rate case, regular review process, or other Commission-approved proceeding, whether any costs incurred to serve a large-load customer have been under-collected, over-collected, misallocated, or shifted to residential, commercial, industrial, or any other rate class. If such review identifies a cost shift, under-recovery, or over-recovery, then the applicable rates, charges, credits, collateral requirements, exit fees, minimum charges, or other tariff terms shall be adjusted prospectively and, to the extent permitted by law and approved by the Commission, trued up to assign and allocate costs and revenues consistent with HB 2992's cost-causation requirements.

¹ Codified as Okla. Stat. tit. 17 §§ 900-905 effective July 1, 2026

CASE PUD 2025-000075 ENTRY NO. 770 FILED IN OCC COURT CLERK'S OFFICE ON 06/28/2026 - PAGE 9 OF 21

Witness: Dismukes
Case No. PUD 2025-000075
Exhibit DED-8

2.4. The true-up mechanism shall be designed to ensure that large-load customers reimburse PSO for all costs fairly allocated to them. To the extent the true-up mechanism determines overcollection from a large-load customer or customers, the affected customer or customers shall receive an appropriate credit approved by the Commission.

2.5. The Stipulating Parties agree that the large-load tariff shall include credit requirements and other measures necessary to ensure that large-load customers reimburse PSO for all costs fairly allocated to them, including costs incurred to directly serve the customer that may remain unrecovered if the customer departs the system or materially reduces load.

2.6. The Stipulating Parties agree that each service option shall be implemented consistently with any minimum service-term requirement established by HB 2992, including a minimum ten-year term where applicable, unless the customer or service arrangement is not subject to that requirement under HB 2992 or a Commission order.

3. Applicability

3.1. The large-load tariff shall apply to customers with contract demand exceeding 75 MW, regardless of the customer's BYOG or self-supply generation level.

3.2. The Stipulating Parties agree that the 75 MW threshold resolves, as between the Stipulating Parties, the contested large-load applicability-threshold issues raised in this Cause by PSO, Google, the Petroleum Alliance, DOD/FEA, AARP, and other parties. The Combined Issues Lists reflect disputes over whether the large-load threshold should be 10 MW or 75 MW and whether special large-load provisions should apply only to true large-load customers.

4. Transmission and Interconnection Upgrades

4.1. For Option 1, Option 2, and Option 3, the large-load customer shall fully fund up-front, through Contribution in Aid of Construction (CIAC) or other Commission-approved mechanism, direct-connect transmission and interconnection facilities needed to serve that customer.

4.2. For Option 1, Option 2, and Option 3, the large-load customer shall fully fund up-front a portion of required network upgrades necessary to prevent impacts to PSO's transmission rates for existing customers.

5. Option 1 — Full Self-Supply / BYOG Service

~~CASE PUD 2025-000075 ENTRY NO. 770 FILED IN OCC COURT CLERK'S OFFICE ON 06/28/2026 - PAGE 400 OF 291~~

Witness: Dismukes
Case No. PUD 2025-000075
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5.1. Under Option 1, a qualifying large-load customer shall take no generation service from PSO for the self-supplied portion of its load and may self-supply up to 100% of its capacity and energy requirements through a qualified wholesale market counterparty or through behind-the-meter generation, subject to Rider SSS or successor tariff provisions approved by the Commission.

5.2. Option 1 customers shall fund the directly attributable direct-connect facilities and network-upgrade obligations under Section 4.

5.3. Option 1 contract term shall be the minimum required by applicable law, including the ten-year minimum service term described in HB 2992 where applicable.

5.4. Option 1 billing demand shall be a minimum of 80% of contract demand, with either: (a) automatic increase of contract demand with higher peaks; or (b) physical limitation of load so that load does not exceed contract demand.

5.5. Option 1 minimum charges shall equal the sum of minimum demand charges for transmission only, customer charges, and all applicable non-generation riders billed at actual usage.

5.6. No collateral shall be required for Option 1, except to the extent otherwise required by law, Commission order, generally applicable tariff provisions, or customer-specific facilities agreements.

5.7. An Option 1 customer may exit at any time, subject to satisfying outstanding obligations for direct-connect facilities, network upgrades, CIAC, and any Commission-approved charges necessary to prevent cost shifts to other customers.

5.8. Generation capacity charges, energy charges, fuel adjustment charges, and generation-related riders shall not apply to the self-supplied portion of load. Delivery, transmission, and applicable regulatory rider charges shall continue to apply based on total metered demand, subject to Commission-approved tariff terms. The settlement proposal describes Rider SSS as allowing customers with verified coincidental or non-coincident peak demand of at least 75 MW at a single delivery point to self-supply up to 100% of capacity and energy requirements, with generation capacity and energy charges set to \$0.00 for the self-supplied portion

5.9. The System Contribution Charge shall not apply to Option 1 except as expressly approved by the Commission in the large-load tariff or in a customer-specific special contract.

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6. Option 2 — Mixed Self-Supply and PSO Generation Service

6.1. Under Option 2, a qualifying large-load customer may elect service under Option 1 for a portion of its load and Option 3 for the remaining portion of its load.

6.2. Option 1 terms shall apply to the Option 1 portion of load, and Option 3 terms shall apply to the Option 3 portion of load.

6.3. PSO shall maintain metering, billing, scheduling, imbalance, standby, settlement, and verification provisions sufficient to ensure that the Option 1 and Option 3 portions of load are separately identified and billed consistent with cost causation and Commission-approved tariff terms.

6.4. The System Contribution Charge shall not apply to Option 2 except as expressly approved by the Commission in the large-load tariff or in a customer-specific special contract.

7. Option 3 — Full PSO Generation Service

7.1. Under **Option 3**, a qualifying large-load customer shall take generation service from PSO and shall not self-supply the customer's generation requirements under Rider SSS for the Option 3 portion of load.

7.2. Option 3 customers shall fund the applicable direct-connect facilities and network-upgrade obligations under Section 4.

7.3. Option 3 shall include a 15-year initial term, with a customer-elected load ramp of up to five years, subject to Commission approval and consistency with HB 2992.

7.4. Option 3 billing demand shall be a minimum of 80% of contract demand, with either: (a) automatic increase of contract demand with higher peaks; or (b) physical limitation of load so that load does not exceed contract demand.

7.5. Option 3 minimum charges shall equal the sum of minimum demand charges for transmission and generation costs, customer charges, and all applicable riders billed at actual usage.

7.6. Option 3 collateral shall equal 48 months of non-fuel minimum bills, subject to the following terms: (a) collateral may be provided through a qualifying guarantee, letter of

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credit, or cash; (b) collateral shall be based on 48 times the maximum historical monthly non-fuel charges; and (c) collateral shall be recomputed annually.

7.7. An Option 3 customer may provide notice of exit after 60 months of initial service. The exit fee shall be based on the present value of any remaining reasonably allocable costs incurred to serve or for the benefit of the customer. Financial obligations PSO can terminate shall not be included in the exit fee, and portions of plant balance or CPA/PPA obligations that can be used for net new load shall not be included in the exit fee.

7.8. The System Contribution Charge shall not apply to Option 3 except as expressly approved by the Commission in the large-load tariff or in a customer-specific special contract.

8. Commission Authority to Approve Self-Supply Rider

8.1. The Stipulating Parties agree and stipulate that the Commission has jurisdiction and authority to approve a self-supply rider, including Rider SSS or a successor self-supply/BYOG rider, as part of PSO's retail electric tariff in this Cause.

8.2. PSO's Application invokes Okla. Const. art. IX, § 18; 17 O.S. §§ 152, 153, 250 et seq., and 281 et seq.; and OAC 165:70-1-1 et seq. as legal authority for Commission review of PSO's rates, charges, regulations and conditions of service and approval of cost recovery mechanisms and tariffs.

8.3. Okla. Const. art. IX, § 18 vests the Commission with authority over public utilities, and Okla. Const. art. IX, § 20 provides for direct Supreme Court review of Commission actions prescribing rates, charges, services, practices, rules, or regulations of a public utility. In *City of Oklahoma City v. Oklahoma Corporation Commission*, the Oklahoma Supreme Court reaffirmed that Commission actions prescribing rates, charges, services, practices, rules or regulations of public utilities are appealable under Okla. Const. art. IX, § 20, and that utility tariffs are created through the Commission's legislative ratemaking authority. *City of Okla. City v. Okla. Corp. Comm'n*, 558 P.3d 1231 (Okla. 2024).

8.4. Title 17 O.S. § 152(A) provides that the Commission has general supervision over public utilities, including power to fix and establish rates and to prescribe and promulgate rules, requirements, and regulations affecting their services, operation, and business management. In *City of Oklahoma City*, the Oklahoma Supreme Court quoted § 152(A) as granting the Commission "general supervision over all public utilities" and authority to "fix and establish rates" and prescribe rules, requirements, and regulations affecting public-

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utility services, operations, and business conduct. *City of Okla. City v. Okla. Corp. Comm'n*, 558 P.3d 1231 (Okla. 2024).

8.5. Oklahoma Supreme Court precedent recognizes that the Commission approves utility tariffs and rates, and that a utility may not unilaterally increase rates. In *In re Oklahoma Development Finance Authority for Approval of Not to Exceed \$800,000,000 Ratepayer-Backed Bonds*, the Court stated that an investor-owned electric public utility operating in Oklahoma is subject to Commission oversight concerning retail rates and charges and "cannot increase utility rates on its own"; instead, the Commission must approve rates and fuel-cost adjustments. *In re Okla. Dev. Fin. Auth. for Approval of Not to Exceed \$800,000,000 Ratepayer-Backed Bonds*, 510 P.3d 165 (Okla. 2022).

8.6. Oklahoma Supreme Court precedent further recognizes that utility tariffs are the Commission-approved instruments setting forth utility services and rates. In *City of Oklahoma City*, the Court described a public utility tariff as a published document setting forth services provided by the utility, a schedule of rates for those services, and policies relating to the rates, approved by the Commission. *City of Okla. City v. Okla. Corp. Comm'n*, 558 P.3d 1231 (Okla. 2024).

8.7. HB 2992 independently supports Commission approval of separate large-load tariff provisions, including a self-supply rider, because the Act requires separate terms, conditions, and tariffs for large-load customers; requires protection of non-large-load customers from unjust rates resulting directly from service to large-load customers; requires cost-causation allocation; and authorizes the Corporation Commission to promulgate rules and exercise enforcement authority within its jurisdiction. The official Oklahoma Legislature bill information page reflects that HB 2992 was approved by the Governor on May 11, 2026, and the enrolled bill is the operative legislative text. *HB 2992 Bill Information*, 60th Legislature, 2nd Session (Okla. 2026).

8.8. HB 2992 requires the Corporation Commission to approve separate terms, conditions, and tariffs for large-load customers; requires protection of non-large-load customers from unjust rates resulting directly from service to large-load customers; requires cost-causation allocation; and authorizes the Corporation Commission to promulgate rules and exercise enforcement authority within its jurisdiction.

8.9. The self-supply rider falls within the Commission's authority because it is a tariffed retail-service option that determines the rates, charges, services, practices, rules, and regulations applicable to a defined large-load customer class; preserves Commission

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jurisdiction over delivery, transmission, riders, metering, billing, and true-up terms; and assigns generation responsibility and generation-related costs to the customer electing to self-supply, thereby advancing HB 2992 cost-causation and ratepayer-protection requirements.

8.10. The Stipulating Parties agree that approval of Rider SSS or a successor self-supply rider does not deregulate PSO retail service, does not remove the customer from Commission-approved tariff service, and does not limit the Commission's authority to modify, condition, suspend, or enforce tariff provisions in future proceedings consistent with law.

9. Settled Issues

9.1. As between and among the Stipulating Parties, this Joint Stipulation resolves the following issues in this Cause:

(a) whether PSO should offer a separate large-load tariff or separate large-load tariff provisions for customers above 75 MW;

(b) whether the large-load applicability threshold should be 75 MW rather than 10 MW;

(c) whether large-load customers should be allowed to self-supply or bring their own generation through a Commission-approved self-supply rider;

(d) whether self-supplied load should avoid generation capacity charges, energy charges, fuel adjustment charges, and generation-related riders for the self-supplied portion of load;

(e) whether delivery, transmission, and applicable regulatory riders should continue to apply to self-supplied customers based on total metered demand;

(f) whether large-load customers should up-front fund direct-connect transmission and interconnection facilities through CIAC;

(g) whether large-load customers should up-front fund required network upgrades necessary to prevent transmission-rate impacts to existing customers;

(h) whether large-load terms should include a cost-causation true-up mechanism;

(i) whether large-load terms should include credit support, minimum charges, collateral, and exit-fee mechanisms sufficient to prevent cost shifts to other customers;

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(j) whether the Commission has authority to approve a self-supply rider as part of PSO's tariff in this Cause; and

(k) whether the large-load tariff should be conformed to HB 2992 and future Commission rules, orders, or directives implementing HB 2992.

9.2. The Stipulating Parties agree that the settlement of the foregoing issues is consistent with issues raised by Google, DOD/FEA, AARP, the Petroleum Alliance, the Data Center Coalition, and other parties concerning BYOG/self-supply, cost-shift protections, applicability threshold, contract term, collateral, exit fees, and large-load tariff structure. The Combined Issues Lists identify those disputed issues, including DOD/FEA's position that the Commission should consider an SGR or BYOG framework allowing large-load customers to arrange dedicated supply through third-party PPAs, behind-the-meter generation, self-supply, or a combination of resources.

10. Issues Not Resolved by this Joint Stipulation

10.1. Except as expressly resolved in Section 9, this Joint Stipulation does not resolve PSO's requested revenue requirement, overall rate increase, class revenue allocation, rate design, rate base, cost of capital, depreciation, storm-cost recovery, rider proposals other than the large-load/self-supply provisions addressed herein, or any other issue not specifically identified as settled.

10.2.- The Stipulating Parties acknowledge that the issues remaining for Commission decision or further settlement include, without limitation, the following:

(a) Revenue requirement and accounting adjustments. PSO's accounting adjustments, six-month post-test-year adjustments, plant additions, capital-project prudence and necessity, ad valorem tax treatment, depreciation expense, rate-case expenses, payroll increases, incentives, SERP, dues and donations, investor-relations expense, directors' and officers' insurance, SPP pro forma adjustments, NOLC treatment, ARO/CCR costs, deferred pension-settlement costs, and other revenue-requirement adjustments remain outstanding unless resolved by separate stipulation. PSO's issues list identifies accounting adjustments, generation and renewable investments, storm costs, O&M, depreciation, NOLC, NE3, CCR/ARO, and pension settlement cost issues.

(b) Cost of capital. The appropriate return on equity, capital structure, and overall rate of return remain outstanding. PSO identified return on equity and actual capital structure as issues, and other parties proposed different ROE and capital-structure positions.

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(c) Storm-cost recovery. The level of storm expense in base rates, amortization of deferred storm costs, and whether recovery of storm costs should be denied or reduced remain outstanding.

(d) Vegetation Management Rider, SPPTC Rider, GEAR Rider, RRR Rider, and other rider issues. PSO's proposed Vegetation Management Rider, continued capitalization of vegetation-management costs, SPPTC amendments, GEAR Rider extension and cap increase, RRR expiration-date issue, and whether PSO's rider requests satisfy Commission standards remain outstanding except to the extent a provision expressly relates to the large-load/self-supply tariff approved herein.

(e) Cost-of-service and allocation issues. Production cost allocation, wind and solar allocation, transmission cost allocation, special-contract revenue allocation, class revenue requirement, and revenue allocation remain outstanding. Walmart, DOD/FEA, AARP, and others identified disputes over renewable generation capacity allocators, transmission cost allocators, cost-of-service study methodology, and class revenue requirement.

(f) Future test year and historical test year. AARP's issue concerning whether PSO's request to use a future test year should be rejected in favor of a historical test year remains outstanding.

(g) Renewable generation O&M and RRR expiration. The Petroleum Alliance's renewable generation O&M disallowance issue and RRR tariff expiration-date issue remain outstanding except to the extent otherwise resolved by separate stipulation.

(h) Rate design. Rate-design issues not expressly tied to the large-load/self-supply tariff terms settled herein remain outstanding, including Walmart's reduced-revenue-requirement rate-design proposal and mitigation of increases to C&I service levels.

(i) Special contracts and customer-specific arrangements. The preservation or approval of Commission-approved special contracts for atypical, capital-intensive large-load projects remains outstanding except to the extent this Joint Stipulation recognizes that uniform tariff terms may serve as a floor rather than a ceiling if the Commission approves a special contract.

10.3. No Stipulating Party waives its right to litigate or settle any outstanding issue not expressly settled herein.

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11. Discovery and Motions

11.1. As between and among the Stipulating Parties, all pending requests for discovery and all motions pending before either the Commission or the Administrative Law Judge relating solely to the settled large-load/self-supply issues addressed in this Joint Stipulation are hereby withdrawn upon Commission approval of this Joint Stipulation.

11.2. Discovery requests and motions relating to issues not resolved by this Joint Stipulation are not withdrawn unless otherwise agreed in writing by the affected parties or ordered by the Commission.

12. General Reservations

12.1. The Stipulating Parties represent and agree that, except as specifically otherwise provided herein, this Joint Stipulation represents a negotiated settlement for the purpose of compromising and settling the issues identified as settled herein.

12.2. Each of the undersigned counsel of record affirmatively represents that he or she has full authority to execute this Joint Stipulation on behalf of the client or clients represented.

12.3. None of the signatories shall be prejudiced or bound by the terms of this Joint Stipulation if the Commission does not approve this Joint Stipulation, or if any appeal of a Commission order adopting this Joint Stipulation is filed with the Oklahoma Supreme Court.

12.4. The Stipulating Parties agree that the provisions of this Joint Stipulation are the result of extensive negotiations and that the terms and conditions of this Joint Stipulation are interdependent. The Stipulating Parties agree that settling the issues identified herein is in the public interest and that they have entered into this Joint Stipulation to settle those issues among themselves.

12.5. This Joint Stipulation shall not constitute, be cited as, or be deemed an admission or precedent by any Stipulating Party in any other proceeding, except as necessary to enforce its terms before the Commission or any court of competent jurisdiction. The Commission's decision, if it enters an order consistent with this Joint Stipulation, shall be binding as to the settled matters decided in this Cause, but shall not be binding with respect to similar issues that may arise in other proceedings.

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12.6. A Stipulating Party's support of this Joint Stipulation may differ from its position or testimony in other causes. To the extent there is a difference, the Stipulating Parties do not waive their positions in other causes. Because this is a stipulated agreement, the Stipulating Parties are under no obligation to take the same position as set out in this Joint Stipulation in other dockets.

13. Non-Severability

13.1. The Stipulating Parties stipulate and agree that the agreements contained in this Joint Stipulation have resulted from negotiations among the Stipulating Parties and are interrelated and interdependent.

13.2. The Stipulating Parties specifically state and recognize that this Joint Stipulation represents a balancing of positions of each Stipulating Party in consideration for the agreements and commitments made by the other Stipulating Parties in connection herewith.

13.3. Therefore, if the Commission does not approve and adopt the terms of this Joint Stipulation in total and without modification or condition, unless the affected party or parties consent to such modification or condition, this Joint Stipulation shall be void and of no force and effect, and no Stipulating Party shall be bound by the agreements or provisions contained herein.

13.4. The Stipulating Parties agree that neither this Joint Stipulation nor any provision hereof shall become effective unless and until the Commission has entered an order approving all terms and provisions as agreed by the Stipulating Parties and such order becomes final and non-appealable.

14. Requested Commission Findings

14.1. The Stipulating Parties respectfully request that the Commission find:

- (a) the Commission has jurisdiction over PSO and over the subject matter of this Cause;
- (b) approval of the large-load tariff framework and Rider SSS or successor self-supply rider is within the Commission's constitutional and statutory authority;
- (c) the large-load tariff framework described herein is fair, just, reasonable, and in the public interest;

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(d) the large-load tariff framework is consistent with HB 2992's cost-causation and customer-protection requirements;

(e) the true-up, CIAC, minimum-charge, collateral, and exit-fee provisions are designed to prevent cost shifts to residential, commercial, industrial, and any other rate class;

(f) the 75 MW applicability threshold is reasonable for the large-load tariff framework adopted herein;

(g) Option 1, Option 2, and Option 3 provide lawful, cost-based tariffed service options for eligible large-load customers; and

(h) this Joint Stipulation should be approved in its entirety.

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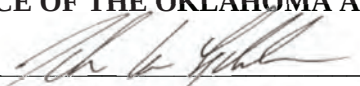
WHEREFORE, the Stipulating Parties hereby submit this Joint Stipulation and Settlement Agreement to the Commission as their negotiated settlement of the issues identified herein and respectfully request the Commission to issue an order approving this Joint Stipulation and Settlement Agreement.

Signature Blocks

PUBLIC SERVICE COMPANY OF OKLAHOMA

By: _____
Name: _____
Title/Counsel: _____
Date: _____

OFFICE OF THE OKLAHOMA ATTORNEY GENERAL

By:  _____
Name: Thomas L. Grossnickalus
Title/Counsel: Deputy Attorney General
Date: 06/26/2026

GOOGLE, LLC

By:  _____
Name: Jim Roth
Title/Counsel: Attorney
Date: 06/26/26

PUBLIC UTILITY DIVISION, OKLAHOMA CORPORATION COMMISSION

By:  _____
Name: Fairo Mitchell
Title/Counsel: PUD Director
Date: 06/26/2026

OKLAHOMA INDUSTRIAL ENERGY CONSUMERS

By: _____
Name: _____
Title/Counsel: _____
Date: _____

WALMART INC.

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Witness: Dismukes
Case No. PUD 2025-000075
Exhibit DED-8

By: _____
Name: _____
Title/Counsel: _____
Date: _____

**UNITED STATES DEPARTMENT OF DEFENSE AND ALL OTHER FEDERAL
EXECUTIVE AGENCIES**

By: _____
Name: _____
Title/Counsel: _____
Date: _____

DATA CENTER COALITION

By: _____
Name: _____
Title/Counsel: _____
Date: _____

AARP

By: _____
Name: _____
Title/Counsel: _____
Date: _____

THE PETROLEUM ALLIANCE OF OKLAHOMA

By: _____
Name: _____
Title/Counsel: _____
Date: _____

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE
COMPANY OF OKLAHOMA, AN
OKLAHOMA CORPORATION, FOR AN
ADJUSTMENT IN ITS RATES AND
CHARGES AND THE ELECTRIC SERVICE
RULES, REGULATIONS AND CONDITIONS
OF SERVICE FOR ELECTRIC SERVICE IN
THE STATE OF OKLAHOMA AND TO
APPROVE VARIOUS COST RECOVERY
MECHANISMS AND TARIFFS

PUD 2025-000075

AMENDED EXHIBIT FJB-1 TO THE SETTLEMENT TESTIMONY
OF FRANK J. BELING ON BEHALF OF
GENTNER F. DRUMMOND, OKLAHOMA ATTORNEY GENERAL

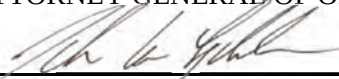
Gentner F. Drummond, the Attorney General of Oklahoma, on behalf of the utility customers of this State, hereby submits the Amended Exhibit FJB-1 to the Settlement Testimony of Frank J. Beling in the proceeding referenced above. The Attorney General urges close consideration of the testimony.

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PUD 2025-000075
Amended Exhibit FJB-1

Respectfully submitted,

GENTNER F. DRUMMOND
ATTORNEY GENERAL OF OKLAHOMA



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PUD 2025-000075
Amended Exhibit FJB-1

CERTIFICATE OF SERVICE

On this 29 day of June 2026, a true and correct copy of the *Amended Exhibit FJB-1 to the Settlement Testimony of Frank J. Beling on Behalf of Gentner F. Drummond, Oklahoma Attorney*

General was sent via electronic mail to the following interested parties:

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~~CASE PUD 2025-000075 ENTRY NO. 795 FILED IN OCC COURT CLERK'S OFFICE ON 06/29/2026 - PAGE 4 OF 12~~

PUD 2025-000075
Amended Exhibit FJB-1

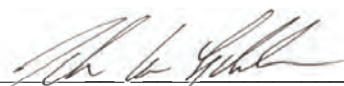
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Deputy Attorney General

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE
COMPANY OF OKLAHOMA, AN
OKLAHOMA CORPORATION, FOR AN
ADJUSTMENT IN ITS RATES AND
CHARGES AND THE ELECTRIC SERVICE
RULES, REGULATIONS AND CONDITIONS
OF SERVICE FOR ELECTRIC SERVICE IN
THE STATE OF OKLAHOMA AND TO
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MECHANISMS AND TARIFFS

PUD 2025-000075

AMENDED EXHIBIT FJB-1
TO THE SETTLEMENT TESTIMONY
OF
FRANK J. BELING
ON BEHALF OF
GENTNER F. DRUMMOND,
OKLAHOMA ATTORNEY GENERAL

June 29, 2026

PUBLIC SERVICE COMPANY OF OKLAHOMA
P.O. BOX 201
TULSA, OKLAHOMA 74102-0201

Page 1 of 7
ORIGINAL SHEET NO. 20A - 1
EFFECTIVE DATE: [PENDING OCC APPROVAL]

SCHEDULE: LARGE LOAD SERVICE (LLS) RATE CODES 250, 252, 254

1. PURPOSE, STATUTORY BASIS, AND AVAILABILITY

This Schedule sets out the separate terms, conditions, and tariff for large load customers required by the Data Center Consumer Ratepayer Protection Act of 2026, HB2992 (the "Act"), effective July 1, 2026. It is a separate, stand-alone schedule and is not a carve-out from Schedule LPL or any other schedule. Consistent with the Act, this Schedule is intended to protect other customer classes from unjust rates caused by large load customers, to assign costs on a cost-causation basis, and to maintain separate terms and a separate tariff for such customers, and it shall be interpreted, administered, and if necessary modified to conform to the Act and to any Commission rule or order. HB2992, §§ 3–4.

This Schedule is available to any retail customer with a Contract Demand (the maximum demand the Company agrees to make available at the delivery point) exceeding 75 MW at a single delivery point, regardless of the level, if any, of self-supplied generation, with an executed contract for electric service on or after July 1, 2026. A written Service Agreement is required; service is provided at one delivery point and standard voltage; and a Customer taking service under this Schedule shall not concurrently take service under any other retail schedule for the same load.

For existing Company Customers (already taking service prior to July 1, 2026) with Contract Demand less than 75 MW of service, this tariff shall only be applicable if the Customer's Contract Demand increases by 75 MW or more from existing levels that exist as of July 1, 2026.

2. SERVICE OPTIONS

Each Customer shall elect one of the following Service Options in its Service Agreement:

Option 1 — Self-Supply / BYOG (Rate Code ____). The Customer takes no generation service from the Company and may self-supply up to 100% of its capacity and energy under Rider SSS.

Option 2 — Partial Requirements (Rate Code ____). Part of the load is served as Option 1 (self-supplied) and the remainder as Option 3 (Company-served). Wherever a term below differs by Option, Option 1 terms apply to the Option 1 portion of load and Option 3 terms apply to the Option 3 portion.

Option 3 — Full Requirements (Rate Code ____). The Customer takes all of its generation (capacity and energy) from the Company and does not self-supply.

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PUBLIC SERVICE COMPANY OF OKLAHOMA

P.O. BOX 201

TULSA, OKLAHOMA 74102-0201

ORIGINAL SHEET NO. 20A - 2

EFFECTIVE DATE: [PENDING OCC APPROVAL]

SCHEDULE: LARGE LOAD SERVICE (LLS)

RATE CODES 250, 252, 254

3. CONTRACT TERM

Option 1. Not less than ten (10) years, the minimum required by law, subject to the Act's exception for certain public power utilities using tax-exempt financing. 17 O.S. § 903.

Option 2. Option 1 term for the Option 1 portion; Option 3 term for the Option 3 portion.

Option 3. Fifteen (15) years, which may include a Customer-elected load ramp of up to five (5) years.

As described in "Option 2" above, the contract terms shall be independent between load served under Option 1 and Option 3.

4. CONTRIBUTION IN AID OF CONSTRUCTION AND NETWORK UPGRADES

For all Service Options, the Customer shall fund up front, through a Contribution in Aid of Construction (CIAC), the full cost of the direct-connect facilities required to serve its load, and shall prefund a portion of the required network upgrades sufficient to prevent any increase in the Company's transmission rate to existing customers.

For all Service Options, the Customer shall fund up front, through a CIAC, 100% of the direct-connect facilities cost, and shall prefund network upgrades as follows:

- a. **Studies.** The Company shall complete a System Impact Study and Facilities Study using the same planning criteria, models, and unit costs applied to all transmission customers, and shall share all results and workpapers with the Customer.
- b. **Prefunded Amount.** Equal to the network upgrade costs directly assignable to the Customer under a Commission-approved cost-causation allocation, sized to hold the transmission rate charged to non-Schedule customers at or below the level that would prevail absent the Customer's load.
- c. **Certification.** The Company shall file a sworn rate-neutrality certification with supporting calculations.
- d. **Refunds.** Prefunded amounts are refundable under FERC Order 2003 Attachment Z crediting, capped at the Prefunded Amount, without interest.
- e. **Uniform Application.** Identical inputs and methodology shall apply to all Schedule Customers.
- f. **True-Up Applicability.** The Prefunded Amount, supporting studies, cost-causation allocation, and rate-neutrality certification are subject to reconciliation under the Section 8 True-Up Mechanism, with symmetrical adjustments, refunds, or additional contributions as warranted.

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RATE CODES 250, 252, 254

5. RATES, BILLING DEMAND, AND MINIMUM CHARGES

Base Service Charge. \$280.00 per month (the current Schedule LPL charge, interim and subject to cost-of-service determination and the True-Up Mechanism).

Generation Service Charges. A generation capacity charge (\$/kW) and a generation energy charge (\$/kWh) apply to load taking Company generation service (all Option 3 load and the Option 3 portion of Option 2). For self-supplied load under Rider SSS, both charges are \$0.00. The charges of \$0.00 shall only apply to the self-supply portion of the load and shall not affect charges for the Option 3 portion of the load.

Transmission and Rider Charges. Transmission and applicable rider charges shall continue to apply based on the customer's total metered demand under each Option.

System Impact Charge. An adder that will mitigate possible rate increase to other Customer classes. The System Impact Charge may be zero if the addition of the Customer and associated generation could not cause a rate increase to other Customer classes.

Rate setting. The generation, delivery, and transmission charges, and the allocation between them, shall be established and adjusted in a general rate case or other Commission-approved proceeding consistent with the Act's cost-causation requirements and the True-Up Mechanism; the corresponding Schedule LPL levels apply on an interim basis.

Billing Demand. For each Option the monthly Billing Demand shall be not less than 80% of Contract Demand, determined under the Service Agreement either by (a) automatically increasing Contract Demand to any higher metered peak, or (b) physically limiting the Customer's load to Contract Demand. For Option 2 the floor and the elected method apply separately to each portion.

Minimum Monthly Bill. The Base Service Charge plus: for Option 1, the minimum transmission charges on Billing Demand and non-generation riders at actual usage; for Option 2, each Option's minimum applied to its portion; and for Option 3, the minimum transmission charges and generation demand charges on Billing Demand and all riders at actual usage.

The System Contribution Rider does not apply to any Service Option under this Schedule.

6. COLLATERAL AND CREDIT SUPPORT

Option 1. None required.

Option 2. Option 1 terms for the Option 1 portion (none); Option 3 terms for the Option 3 portion.

Option 3. Collateral or credit support equal to forty-eight (48) months of non-fuel minimum bills, recomputed annually, provided in one or more of the following forms:

- a. A guarantee from the ultimate parent or a corporate affiliate of the Large Load Customer for the full Collateral Requirement, so long as the guarantor has both (a) a credit rating of at least

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SCHEDULE: LARGE LOAD SERVICE (LLS)

RATE CODES 250, 252, 254

A- from S&P and A3 from Moody's and (b) liquidity greater than ten times the Collateral Requirement; or

b. A standby irrevocable letter of credit ("Letter of Credit") for the full Collateral Requirement. The Letter of Credit must be issued by a U.S. bank or the U.S. branch of a foreign bank, which is not affiliated with the Large Load Customer or its guarantor, with a Credit Rating of at least A- from S&P and A3 from Moody's. Such security must be issued for a minimum term of 360 days. The Large Load Customer must cause the renewal or extension of the security for additional consecutive terms of 360 days or more no later than 30 days prior to each expiration date of the security. If the security is not renewed or extended as required herein, the Company will have the right to draw immediately upon the Letter of Credit and be entitled to hold the amounts so drawn as security. The Letter of Credit must be in a format acceptable to and approved by the Company; or

c. Cash for the full Collateral Requirement.

7. EXIT AND EARLY TERMINATION

Option 1. The Customer may exit at any time with no exit fee.

Option 2. Option 1 terms for the Option 1 portion; Option 3 terms for the Option 3 portion.

Option 3. The Customer may give notice of exit after sixty (60) months of initial service and notice to terminate shall be 24 months. The exit fee equals the net present value, discounted at the Commission-approved carrying-charge rate, of the remaining costs directly assigned to the Customer, following cost-causation principles in Section 8, over the remaining Contract Term, comprising: (a) unrecovered capital investment in generation, transmission, and direct-connect facilities; and (b) non-terminable contractual commitments incurred to serve, or for the benefit of, the Customer. The fee excludes (i) financial obligations the Company can terminate and (ii) any plant, CPA, or PPA usable to serve net-new load, and shall be reduced by mitigation under this Section. The calculation shall be itemized, auditable, and subject to Section 8 reconciliation.

Following receipt of proper notice, through the Exit Fee Period, the Company will use reasonable efforts, consistent with its obligations as a public utility, to mitigate the Exit Fee amount owed or paid by the Large Load Customer by evaluating the opportunity to assign the terminated/reduced capacity to serve new Large Load Customers, to expand service to existing Large Load Customers, or otherwise secure offsetting expected revenues. The remainder of any mitigating amounts owed to the Large Load Customer shall be delivered to the Large Load Customer, or its designated successor, after all outstanding balances have been resolved.

If there is an issue concerning the calculation of the Exit Fee or delivery of any mitigation amounts, that either the Company or Large Load Customer view as in need of escalation, either the Company or Large

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RATE CODES 250, 252, 254

Load Customer may request escalation. Such request shall be made in writing and within 14 business days of the Large Load Customer being notified regarding the Exit Fee calculation. In such instance, management representatives for the Company and for the Large Load Customer will discuss and seek to resolve any issues. The management discussion shall occur within 14 business days of a request, unless otherwise agreed to in writing by the Company and Large Load Customer. The Company and Large Load Customer agree to use this escalation process in good faith, escalating only those matters appropriate for management's consideration. This dispute resolution process does not limit or otherwise affect the ability of either Large Load Customer or the Company to file a formal proceeding requesting the Commission to resolve the dispute.

All three Options shall be subject to the next immediate True-Up Mechanism.

8. TRUE-UP MECHANISM

Purpose and Scope. In each general rate case, fuel adjustment clause review, or other Commission-approved proceeding dedicated to this Tariff or True-ups related to this Tariff, the Company shall apply a standardized, customer-specific reconciliation to ensure that costs and revenues under this Schedule are assigned on a documented cost-causation basis and that neither other customer classes nor the Large Load Customer bears costs not fairly allocated to it.

Commission-Approved Methodology. Before any true-up amount may be billed, credited, deferred, or included in collateral, CIAC, network-upgrade balances, or exit-fee calculations, the Company shall use a Commission-approved methodology, template, materiality threshold, carrying-charge rate, and data-input protocol. The same methodology shall be applied uniformly to similarly situated Customers.

Annual Informational Filing. By [date] each year, the Company shall file and serve on each affected Customer a standardized reconciliation report showing:

- a. directly assigned costs;
- b. allocated costs and allocation factors;
- c. revenues collected;
- d. CIAC and network-upgrade balances;
- e. collateral and exit-fee assumptions;
- f. mitigation, offsets, credits, third-party contributions, and avoided costs;
- g. any under- or over-collection; and
- h. whether any cost shift to or from other customer classes occurred.

Symmetrical Prospective Adjustments. After notice, opportunity for review, and Commission approval, material variances of [2%] or more may be reflected prospectively through rates. Under-collections shall be recovered only from the affected Customer. Over-collections shall be refunded or credited to the

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SCHEDULE: LARGE LOAD SERVICE (LLS)

RATE CODES 250, 252, 254

affected Customer. Adjustments shall include the same Commission-approved carrying-charge rate for both under- and over-collections.

Deferral Treatment. Any regulatory asset or liability shall be recorded only if authorized in advance by the Commission and shall apply symmetrically to under- and over-collections.

Customer Rights and Disputes. The Customer may review and audit supporting workpapers under reasonable confidentiality protections, contest any proposed adjustment, invoke the Section 7 escalation process, and seek Commission resolution. Only undisputed or Commission-approved amounts may be reflected in bills or security requirements.

Rate-Shock Protection. Unless the Commission finds extraordinary circumstances, no annual net adjustment may exceed [10%] of the Customer's prior-year billed amount, and any excess shall be amortized over at least [12] months with 90 days' written notice.

No Retroactive Ratemaking. No adjustment shall be retroactive unless expressly authorized by law and approved by the Commission through a pre-existing deferral, tracker, rider, or other lawful mechanism. This Section does not authorize retroactive ratemaking, recovery of imprudent costs, double recovery, retention of over-collections, or shifting of Large Load Customer costs to other customer classes.

System Impact Charges and Revenues. Revenues and benefits produced by any System Impact Charges shall be for the benefit of other Customer classes to mitigate potential rate increases. Any such revenues shall be credited to other Customer classes through the Fuel Adjustment Clause and shall not benefit Customers taking service under this Large Load Tariff.

9. RIDER SSS — SELF-SUPPLY SERVICE

A Customer with a verified peak demand of 75 MW or more at a single delivery point may self-supply up to 100% of its capacity and energy from owned and/or customer-contracted asset(s), qualified third-party wholesale supplier, or behind-the meter generation. Any self-supply must be coordinated with the Company and all retail electric service shall be supplied through the Company.

Rider SSS applies to Option 1 and to the Option 1 (self-supplied) portion of Option 2; it does not apply to Option 3.

For load served under this Rider, the generation capacity and energy charges are \$0.00/kW and \$0.00/kWh, the self-supplied load is not subject to fuel adjustment or any generation-related rider, and delivery, transmission, and applicable rider charges continue to apply on the Customer's total metered demand.

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10. GENERAL PROVISIONS

Billing Adjustments. Self-supplied load under Rider SSS is not subject to fuel adjustment on the self-supplied portion.

Terms of Payment. Bills are due by the due date; unpaid amounts are assessed a late charge of 1½% per month.

Conformance with the Act. Compliance with the Act is a condition of serving large load customers, and the Commission may promulgate rules and enforce the Act within its jurisdiction. HB2992, § 6. If any provision of this Schedule conflicts with the Act, a Commission rule, or a Commission order, this Schedule shall be deemed modified to conform while preserving, to the maximum extent lawful, its intended effect, and no provision shall be construed to limit the Act.

Replacement Power. Nothing in this Schedule, including Rider SSS, shall be construed to require the Company to provide generation capacity or energy, backup service, standby service, replacement power, or any other electric supply to any Customer taking self-supply service if the Customer's owned, contracted, third-party, or other self-supply generation or supply is reduced, interrupted, curtailed, unavailable, or otherwise fails to perform, except to the extent expressly provided in the Customer's Service Agreement.

Market Penalties. Any market penalties or deficiency costs caused by or resulting from Option 1 service will be directly assigned the Customer.

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Effective Date: [Pending Order]

PROPOSED — FOR APPROVAL

Cause No. PUD 2025-000075 Order No. [Pending]DIRECTOR, PUBLIC UTILITY DIVISION

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE COMPANY)
OF OKLAHOMA, AN OKLAHOMA)
CORPORATION, FOR AN ADJUSTMENT IN ITS) CASE NO. PUD 2025-000075
RATES AND CHARGES AND THE ELECTRIC)
SERVICE RULES, REGULATIONS AND)
CONDITIONS OF SERVICE FOR ELECTRIC)
SERVICE IN THE STATE OF OKLAHOMA AND TO)
APPROVE VARIOUS COST RECOVERY)
MECHANISMS AND TARIFFS)

**SECOND SUPPLEMENTAL TESTIMONY OF ADRIAN KIMBROUGH IN SUPPORT
OF THE JOINT STIPULATION AND SETTLEMENT AGREEMENT AND
THE LARGE LOAD SERVICE (LLS) TARIFF
ON BEHALF OF GOOGLE LLC**

JUNE 30, 2026

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to recommend, on behalf of Google, that the Oklahoma
3 Corporation Commission ("OCC" or "Commission") approve the updated Large Load
4 Joint Stipulation and Settlement Agreement ("Large Load Joint Stipulation") dated June
5 29, 2026 to resolve all outstanding issues among the signing parties. The Large Load Joint
6 Stipulation represents a fair, just, and reasonable resolution of outstanding issues and is in
7 the public interest.

8

9 **Q. Who are the signatories to the proposed large load joint stipulation?**

10 A. The signing parties include Google LLC, The Attorney General of Oklahoma, the
11 Petroleum Alliance of Oklahoma, and the Oklahoma Corporation Commission's Public
12 Utility Division ("PUD").

13

14 **Q. Are there any parties that are not signatories to the proposed large load joint**
15 **stipulation?**

16 A. Yes. At the time of this adoption and submission to the Court, the original adoptees remain
17 the same: OAG, PUD and Google, with a Concurrence of support from The Petroleum
18 Alliance. At the time of this adoption and submission to the Court, the Public Service
19 Company of Oklahoma ("PSO"), the American Association of Retired Persons (AARP),
20 Data Center Coalition ("DCC") Walmart Inc., and the U.S. Department of Defense and all
21 other Federal Executive Agencies ("DOD") are not signatories.

22

1 **Q. You filed testimony in support of the joint stipulation and settlement agreement on**
2 **June 26, 2026. Is the June 26 version different from the June 30 version?**

3 A. The Large Load Joint Stipulation (June 30 version) addressed in this testimony reflects an
4 updated version of the June 26 version. These updates reflect minor clarifications to the
5 proposed Large Load Service (“LLS”) tariff. Specifically, the June 30 version makes the
6 following changes:

- 7 1. **Tightens who falls under the LLS tariff by adding an executed-contract requirement**
8 **and a special rule for existing customers below 75 MW.** This makes the tariff’s
9 applicability more precise: new qualifying customers must have an executed electric-
10 service contract on or after July 1, 2026, and existing customers below 75 MW are covered
11 only if their Contract Demand increases by 75 MW or more from existing July 1, 2026
12 levels.
- 13 2. **Clarifies that self-supply pricing benefits apply only to the self-supplied portion of a**
14 **customer’s load.** This prevents a partial-requirements customer from using the \$0.00 Rider
15 SSS generation charge to reduce charges on the Company-served Option 3 portion of its
16 load, making the LLS tariff cleaner for mixed-service customers under Option 2.
- 17 3. **Makes all three service options subject to the next immediate True-Up Mechanism.**
18 This strengthens the tariff’s cost-reconciliation framework by confirming that Option 1,
19 Option 2, and Option 3 customers can all be brought into the next true-up process, rather
20 than leaving any option outside that immediate review.
- 21 4. **Narrows the tools available for prospective true-up adjustments.** The old version
22 allowed material variances to be reflected through rates, riders, credits, refunds, collateral,
23 CIAC balances, network-upgrade balances, or exit-fee inputs; the new version limits that

1 sentence to prospective reflection “through rates,” making the LLS tariff less expansive in
2 how true-up effects may be implemented.

3 **5. Broadens the recognized sources of self-supply while adding more operational control**
4 **around self-supply.** The tariff now expressly recognizes owned and/or customer-
5 contracted assets, qualified third-party wholesale suppliers, and behind-the-meter
6 generation, but it also requires self-supply to be coordinated with the Company and keeps
7 retail electric service supplied through the Company.

8 **6. Shifts more self-supply performance risk to the customer.** The new Replacement Power
9 provision says the Company is not required to provide backup, standby, replacement
10 power, or other electric supply if the customer’s self-supply fails, unless the Service
11 Agreement expressly provides otherwise; this makes Option 1 more clearly a customer-
12 risk service model.

13 **7. Assigns market penalties and deficiency costs from Option 1 service directly to the**
14 **customer.** This protects the Company and other customer classes from bearing costs
15 caused by the customer’s self-supply arrangements, reinforcing the LLS tariff’s cost-
16 causation and no-cost-shifting purpose.

17 Overall, the June 30 changes make the LLS tariff more administratively precise and
18 more protective against cost shifting. The changes do not rewrite the tariff’s basic structure;
19 instead, they refine eligibility, clarify Option 2 billing treatment, narrow true-up
20 implementation language, and place more operational and market risk on self-supply
21 customers.

22
23 **Q. Is the LLS Tariff consistent with Oklahoma law?**

1 A. Yes, it is consistent with 17 OK Stat § 158.25 (2025) and HB 2992.

2 17 OK Stat § 158.25 (2025) is the Retail Electric Supplier Certified Territory Act, which
3 prohibits one retail electric supplier from furnishing retail electric service within the
4 certified territory of another retail electric supplier. The statute is directed at territorial
5 encroachment and competing retail-service providers, not customer self-supply
6 arrangements operating under an existing utility tariff. The LLS Tariff does not authorize
7 retail choice, authorize any retail electric supplier other than PSO to provide retail electric
8 service to customers taking service under the tariff, allow customers to leave PSO's tariff
9 while continuing to rely on PSO's facilities, permit competing retail electric suppliers to
10 serve customers in PSO's territory, open PSO's distribution system to third-party retail
11 providers, alter or override Oklahoma's certified-territory protections, redraw certified-
12 territory boundaries, create a new territorial exception, or permit PSO or any other supplier
13 to invade another utility's certified territory. Instead, it establishes a regulated, Oklahoma
14 Corporation Commission-approved tariff framework under which PSO remains the retail
15 electric service provider at all times.

16 Under the LLS Tariff, a customer may elect to self-supply some or all of its
17 generation requirements, but that election does not transform the customer's generator,
18 wholesale supplier, behind-the-meter resource, or contracted generation resource into a
19 retail electric supplier. PSO remains responsible for the regulated retail-service
20 relationship, including delivery service, billing, metering coordination, transmission-
21 related charges, tariff administration, rider application, and compliance with OCC
22 requirements. The tariff therefore recognizes that generation-resource responsibility and
23 retail-service responsibility are distinct concepts.

1 The tariff options confirm this structure. Under Option 1, a customer self-supplies
2 generation and does not take PSO generation service for the self-supplied portion of its
3 load, but the customer continues receiving regulated retail electric service from PSO under
4 an OCC-approved tariff. Under Option 2, the tariff separately accounts for self-supplied
5 generation and PSO-supplied generation, preserving accurate cost assignment and cost
6 causation. Under Option 3, the customer receives full generation service from PSO. These
7 options are different forms of regulated PSO tariff service—not a retail-choice regime.

8 Likewise, the fact that generation energy and capacity charges may be set at \$0.00
9 for the self-supplied portion of load simply reflects that PSO is not providing generation
10 service for that portion. It does not eliminate PSO's role as the retail electric service
11 provider. Delivery charges, transmission charges, and applicable riders continue to apply
12 based on the customer's metered demand, confirming that PSO's regulated utility service
13 remains in place regardless of the customer's generation election.

14 The proposal also places the risks and costs of self-supply squarely on the
15 participating customer. Market penalties, supply deficiencies, and other costs attributable
16 to a customer's self-supply election are assigned to that customer rather than socialized
17 across other ratepayers. In addition, PSO is not obligated to furnish backup, standby,
18 replacement power, or other electric supply services for a self-supplying customer unless
19 those services are specifically provided under the customer's service agreement. These
20 provisions reinforce that self-supply is a customer-specific cost-allocation mechanism, not
21 a means for third-party suppliers to serve retail load.

22

1 The Joint Stipulation and LLS Tariff also preserve, rather than diminish, OCC
2 regulatory oversight. The tariff is proposed as a PSO tariff schedule subject to OCC review,
3 approval, modification, enforcement, and continuing jurisdiction. Approval of Rider SSS
4 would not deregulate PSO retail service, remove participating customers from
5 Commission-approved tariff service, or limit the OCC's authority over PSO's rates, terms,
6 or conditions of service.

7 The proposal is also consistent with the policy objectives of HB 2992, the Data
8 Center Customer Ratepayer Protection Act of 2026. HB 2992 was enacted to address large-
9 load customers such as data centers and to protect existing customers from costs caused by
10 new high-demand facilities. Public sources describe the legislation as requiring separate
11 terms and conditions for large-scale customers and emphasizing that infrastructure costs
12 caused by such customers should not be shifted to families, small businesses, or other
13 existing ratepayers. [legiscan.com], [okhouse.gov], [kgou.org]

14 The LLS Tariff implements those same principles. It requires large-load customers
15 to fund direct-connect facilities through contribution-in-aid-of-construction payments and
16 to prefund network upgrades in amounts designed to prevent cost shifts to other customers.
17 It also requires rate-neutrality certifications and supporting calculations to demonstrate that
18 network-upgrade funding will not increase costs for existing customer classes.

19 The tariff's true-up mechanisms further protect non-participating customers by
20 identifying under-collections, over-collections, misallocations, and potential cost shifts.
21 Under-collections are recovered from the affected large-load customer, while over-
22 collections are credited or refunded to that customer. System Impact Charge revenues are
23 allocated for the benefit of other customer classes rather than for the benefit of LLS

1 customers. These provisions reflect a cost-causation-based regulatory framework designed
2 to insulate existing customers from financial risk.

3 In short, the LLS Tariff preserves the exclusive retail-service relationship between
4 PSO and its customers consistent with 17 O.S. § 158.25, protects other customers through
5 cost-causation principles consistent with HB 2992, and maintains full OCC oversight.

6
7 **Q. Is the proposed large load joint stipulation in the public interest?**

8 A. Yes. The Large Load Joint Stipulation balances the interests of all the Stipulating Parties,
9 and represents a fair, just, and reasonable means to resolve the outstanding issues related
10 to new large loads in this Case through reasonable compromise.

11
12 **Q. Have you attached the final version of the Joint Stipulation and proposed LLS Tariff**
13 **as exhibits to this Second Supplemental Testimony with all four signatures from the**
14 **intervenors that are still in support as of this filing?**

15 A. Yes. Exhibit A is the proposed LLS Tariff and Exhibit B is the Joint Stipulation.

16
17 **Q. What is your recommendation?**

18 A. On behalf of Google, I recommend that the Commission approve the Large Load Joint
19 Stipulation and Settlement Agreement reached by the Stipulating parties.

20
21 **Q. Does this conclude your testimony?**

22 A. Yes

PUBLIC SERVICE COMPANY OF OKLAHOMA
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ATTACHMENT

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SCHEDULE: LARGE LOAD SERVICE (LLS) RATE CODES 250, 252, 254

1. PURPOSE, STATUTORY BASIS, AND AVAILABILITY

This Schedule sets out the separate terms, conditions, and tariff for large load customers required by the Data Center Consumer Ratepayer Protection Act of 2026, HB2992 (the "Act"), effective July 1, 2026. It is a separate, stand-alone schedule and is not a carve-out from Schedule LPL or any other schedule. Consistent with the Act, this Schedule is intended to protect other customer classes from unjust rates caused by large load customers, to assign costs on a cost-causation basis, and to maintain separate terms and a separate tariff for such customers, and it shall be interpreted, administered, and if necessary modified to conform to the Act and to any Commission rule or order. HB2992, §§ 3–4.

This Schedule is available to any retail customer with a Contract Demand (the maximum demand the Company agrees to make available at the delivery point) exceeding 75 MW at a single delivery point, regardless of the level, if any, of self-supplied generation, with an executed contract for electric service on or after July 1, 2026. A written Service Agreement is required; service is provided at one delivery point and standard voltage; and a Customer taking service under this Schedule shall not concurrently take service under any other retail schedule for the same load.

For existing Company Customers (already taking service prior to July 1, 2026) with Contract Demand less than 75 MW of service, this tariff shall only be applicable if the Customer's Contract Demand increases by 75 MW or more from existing levels that exist as of July 1, 2026.

2. SERVICE OPTIONS

Each Customer shall elect one of the following Service Options in its Service Agreement:

Option 1 — Self-Supply / BYOG (Rate Code ____). The Customer takes no generation service from the Company and may self-supply up to 100% of its capacity and energy under Rider SSS.

Option 2 — Partial Requirements (Rate Code ____). Part of the load is served as Option 1 (self-supplied) and the remainder as Option 3 (Company-served). Wherever a term below differs by Option, Option 1 terms apply to the Option 1 portion of load and Option 3 terms apply to the Option 3 portion.

Option 3 — Full Requirements (Rate Code ____). The Customer takes all of its generation (capacity and energy) from the Company and does not self-supply.

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3. CONTRACT TERM

Option 1. Not less than ten (10) years, the minimum required by law, subject to the Act's exception for certain public power utilities using tax-exempt financing. 17 O.S. § 903.

Option 2. Option 1 term for the Option 1 portion; Option 3 term for the Option 3 portion.

Option 3. Fifteen (15) years, which may include a Customer-elected load ramp of up to five (5) years. As described in "Option 2" above, the contract terms shall be independent between load served under Option 1 and Option 3.

4. CONTRIBUTION IN AID OF CONSTRUCTION AND NETWORK UPGRADES

For all Service Options, the Customer shall fund up front, through a Contribution in Aid of Construction (CIAC), the full cost of the direct-connect facilities required to serve its load, and shall prefund a portion of the required network upgrades sufficient to prevent any increase in the Company's transmission rate to existing customers.

For all Service Options, the Customer shall fund up front, through a CIAC, 100% of the direct-connect facilities cost, and shall prefund network upgrades as follows:

- a. **Studies.** The Company shall complete a System Impact Study and Facilities Study using the same planning criteria, models, and unit costs applied to all transmission customers, and shall share all results and workpapers with the Customer.
- b. **Prefunded Amount.** Equal to the network upgrade costs directly assignable to the Customer under a Commission-approved cost-causation allocation, sized to hold the transmission rate charged to non-Schedule customers at or below the level that would prevail absent the Customer's load.
- c. **Certification.** The Company shall file a sworn rate-neutrality certification with supporting calculations.
- d. **Refunds.** Prefunded amounts are refundable under FERC Order 2003 Attachment Z crediting, capped at the Prefunded Amount, without interest.
- e. **Uniform Application.** Identical inputs and methodology shall apply to all Schedule Customers.
- f. **True-Up Applicability.** The Prefunded Amount, supporting studies, cost-causation allocation, and rate-neutrality certification are subject to reconciliation under the Section 8 True-Up Mechanism, with symmetrical adjustments, refunds, or additional contributions as warranted.

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5. RATES, BILLING DEMAND, AND MINIMUM CHARGES

Base Service Charge. \$280.00 per month (the current Schedule LPL charge, interim and subject to cost-of-service determination and the True-Up Mechanism).

Generation Service Charges. A generation capacity charge (\$/kW) and a generation energy charge (\$/kWh) apply to load taking Company generation service (all Option 3 load and the Option 3 portion of Option 2). For self-supplied load under Rider SSS, both charges are \$0.00. The charges of \$0.00 shall only apply to the self-supply portion of the load and shall not affect charges for the Option 3 portion of the load.

Transmission and Rider Charges. Transmission and applicable rider charges shall continue to apply based on the customer's total metered demand under each Option.

System Impact Charge. An adder that will mitigate possible rate increase to other Customer classes. The System Impact Charge may be zero if the addition of the Customer and associated generation could not cause a rate increase to other Customer classes.

Rate setting. The generation, delivery, and transmission charges, and the allocation between them, shall be established and adjusted in a general rate case or other Commission-approved proceeding consistent with the Act's cost-causation requirements and the True-Up Mechanism; the corresponding Schedule LPL levels apply on an interim basis.

Billing Demand. For each Option the monthly Billing Demand shall be not less than 80% of Contract Demand, determined under the Service Agreement either by (a) automatically increasing Contract Demand to any higher metered peak, or (b) physically limiting the Customer's load to Contract Demand. For Option 2 the floor and the elected method apply separately to each portion.

Minimum Monthly Bill. The Base Service Charge plus: for Option 1, the minimum transmission charges on Billing Demand and non-generation riders at actual usage; for Option 2, each Option's minimum applied to its portion; and for Option 3, the minimum transmission charges and generation demand charges on Billing Demand and all riders at actual usage.

The System Contribution Rider does not apply to any Service Option under this Schedule.

6. COLLATERAL AND CREDIT SUPPORT

Option 1. None required.

Option 2. Option 1 terms for the Option 1 portion (none); Option 3 terms for the Option 3 portion.

Option 3. Collateral or credit support equal to forty-eight (48) months of non-fuel minimum bills, recomputed annually, provided in one or more of the following forms:

- a. A guarantee from the ultimate parent or a corporate affiliate of the Large Load Customer for the full Collateral Requirement, so long as the guarantor has both (a) a credit rating of at least

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A- from S&P and A3 from Moody's and (b) liquidity greater than ten times the Collateral Requirement; or

b. A standby irrevocable letter of credit ("Letter of Credit") for the full Collateral Requirement. The Letter of Credit must be issued by a U.S. bank or the U.S. branch of a foreign bank, which is not affiliated with the Large Load Customer or its guarantor, with a Credit Rating of at least A- from S&P and A3 from Moody's. Such security must be issued for a minimum term of 360 days. The Large Load Customer must cause the renewal or extension of the security for additional consecutive terms of 360 days or more no later than 30 days prior to each expiration date of the security. If the security is not renewed or extended as required herein, the Company will have the right to draw immediately upon the Letter of Credit and be entitled to hold the amounts so drawn as security. The Letter of Credit must be in a format acceptable to and approved by the Company; or

c. Cash for the full Collateral Requirement.

7. EXIT AND EARLY TERMINATION

Option 1. The Customer may exit at any time with no exit fee.

Option 2. Option 1 terms for the Option 1 portion; Option 3 terms for the Option 3 portion.

Option 3. The Customer may give notice of exit after sixty (60) months of initial service and notice to terminate shall be 24 months. The exit fee equals the net present value, discounted at the Commission-approved carrying-charge rate, of the remaining costs directly assigned to the Customer, following cost-causation principles in Section 8, over the remaining Contract Term, comprising: (a) unrecovered capital investment in generation, transmission, and direct-connect facilities; and (b) non-terminable contractual commitments incurred to serve, or for the benefit of, the Customer. The fee excludes (i) financial obligations the Company can terminate and (ii) any plant, CPA, or PPA usable to serve net-new load, and shall be reduced by mitigation under this Section. The calculation shall be itemized, auditable, and subject to Section 8 reconciliation.

Following receipt of proper notice, through the Exit Fee Period, the Company will use reasonable efforts, consistent with its obligations as a public utility, to mitigate the Exit Fee amount owed or paid by the Large Load Customer by evaluating the opportunity to assign the terminated/reduced capacity to serve new Large Load Customers, to expand service to existing Large Load Customers, or otherwise secure offsetting expected revenues. The remainder of any mitigating amounts owed to the Large Load Customer shall be delivered to the Large Load Customer, or its designated successor, after all outstanding balances have been resolved.

If there is an issue concerning the calculation of the Exit Fee or delivery of any mitigation amounts, that either the Company or Large Load Customer view as in need of escalation, either the Company or Large

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Load Customer may request escalation. Such request shall be made in writing and within 14 business days of the Large Load Customer being notified regarding the Exit Fee calculation. In such instance, management representatives for the Company and for the Large Load Customer will discuss and seek to resolve any issues. The management discussion shall occur within 14 business days of a request, unless otherwise agreed to in writing by the Company and Large Load Customer. The Company and Large Load Customer agree to use this escalation process in good faith, escalating only those matters appropriate for management's consideration. This dispute resolution process does not limit or otherwise affect the ability of either Large Load Customer or the Company to file a formal proceeding requesting the Commission to resolve the dispute.

All three Options shall be subject to the next immediate True-Up Mechanism.

8. TRUE-UP MECHANISM

Purpose and Scope. In each general rate case, fuel adjustment clause review, or other Commission-approved proceeding dedicated to this Tariff or True-ups related to this Tariff, the Company shall apply a standardized, customer-specific reconciliation to ensure that costs and revenues under this Schedule are assigned on a documented cost-causation basis and that neither other customer classes nor the Large Load Customer bears costs not fairly allocated to it.

Commission-Approved Methodology. Before any true-up amount may be billed, credited, deferred, or included in collateral, CIAC, network-upgrade balances, or exit-fee calculations, the Company shall use a Commission-approved methodology, template, materiality threshold, carrying-charge rate, and data-input protocol. The same methodology shall be applied uniformly to similarly situated Customers.

Annual Informational Filing. By [date] each year, the Company shall file and serve on each affected Customer a standardized reconciliation report showing:

- a. directly assigned costs;
- b. allocated costs and allocation factors;
- c. revenues collected;
- d. CIAC and network-upgrade balances;
- e. collateral and exit-fee assumptions;
- f. mitigation, offsets, credits, third-party contributions, and avoided costs;
- g. any under- or over-collection; and
- h. whether any cost shift to or from other customer classes occurred.

Symmetrical Prospective Adjustments. After notice, opportunity for review, and Commission approval, material variances of [2%] or more may be reflected prospectively through rates. Under-collections shall be recovered only from the affected Customer. Over-collections shall be refunded or credited to the

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affected Customer. Adjustments shall include the same Commission-approved carrying-charge rate for both under- and over-collections.

Deferral Treatment. Any regulatory asset or liability shall be recorded only if authorized in advance by the Commission and shall apply symmetrically to under- and over-collections.

Customer Rights and Disputes. The Customer may review and audit supporting workpapers under reasonable confidentiality protections, contest any proposed adjustment, invoke the Section 7 escalation process, and seek Commission resolution. Only undisputed or Commission-approved amounts may be reflected in bills or security requirements.

Rate-Shock Protection. Unless the Commission finds extraordinary circumstances, no annual net adjustment may exceed [10%] of the Customer's prior-year billed amount, and any excess shall be amortized over at least [12] months with 90 days' written notice.

No Retroactive Ratemaking. No adjustment shall be retroactive unless expressly authorized by law and approved by the Commission through a pre-existing deferral, tracker, rider, or other lawful mechanism. This Section does not authorize retroactive ratemaking, recovery of imprudent costs, double recovery, retention of over-collections, or shifting of Large Load Customer costs to other customer classes.

System Impact Charges and Revenues. Revenues and benefits produced by any System Impact Charges shall be for the benefit of other Customer classes to mitigate potential rate increases. Any such revenues shall be credited to other Customer classes through the Fuel Adjustment Clause and shall not benefit Customers taking service under this Large Load Tariff.

9. RIDER SSS — SELF-SUPPLY SERVICE

A Customer with a verified peak demand of 75 MW or more at a single delivery point may self-supply up to 100% of its capacity and energy from owned and/or customer-contracted asset(s), qualified third-party wholesale supplier, or behind-the meter generation. Any self-supply must be coordinated with the Company and all retail electric service shall be supplied through the Company.

Rider SSS applies to Option 1 and to the Option 1 (self-supplied) portion of Option 2; it does not apply to Option 3.

For load served under this Rider, the generation capacity and energy charges are \$0.00/kW and \$0.00/kWh, the self-supplied load is not subject to fuel adjustment or any generation-related rider, and delivery, transmission, and applicable rider charges continue to apply on the Customer's total metered demand.

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10. GENERAL PROVISIONS

Billing Adjustments. Self-supplied load under Rider SSS is not subject to fuel adjustment on the self-supplied portion.

Terms of Payment. Bills are due by the due date; unpaid amounts are assessed a late charge of 1½% per month.

Conformance with the Act. Compliance with the Act is a condition of serving large load customers, and the Commission may promulgate rules and enforce the Act within its jurisdiction. HB2992, § 6. If any provision of this Schedule conflicts with the Act, a Commission rule, or a Commission order, this Schedule shall be deemed modified to conform while preserving, to the maximum extent lawful, its intended effect, and no provision shall be construed to limit the Act.

Replacement Power. Nothing in this Schedule, including Rider SSS, shall be construed to require the Company to provide generation capacity or energy, backup service, standby service, replacement power, or any other electric supply to any Customer taking self-supply service if the Customer's owned, contracted, third-party, or other self-supply generation or supply is reduced, interrupted, curtailed, unavailable, or otherwise fails to perform, except to the extent expressly provided in the Customer's Service Agreement.

Market Penalties. Any market penalties or deficiency costs caused by or resulting from Option 1 service will be directly assigned the Customer.

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ATTACHMENT B

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE)
COMPANY OF OKLAHOMA, AN)
OKLAHOMA CORPORATION, FOR)
AN ADJUSTMENT IN ITS RATES AND)
CHARGES AND THE ELECTRIC) CASE NO. PUD 2025-000075
SERVICE RULES, REGULATIONS AND)
CONDITIONS OF SERVICE FOR)
ELECTRIC SERVICE IN THE STATE)
OF OKLAHOMA AND TO APPROVE)
VARIOUS COST RECOVERY)
MECHANISMS AND TARIFFS)

Joint Stipulation and Settlement Agreement

COME NOW the undersigned parties to the above-entitled Cause and present the following Joint Stipulation and Settlement Agreement (the Joint Stipulation) for the Oklahoma Corporation Commission's (Commission or OCC) review and approval as their compromise and settlement of the large-load tariff and self-supply issues described herein. The Stipulating Parties represent to the Commission that this Joint Stipulation is fair, just and reasonable, is in the public interest, and should be approved.

The Stipulating Parties further state that Public Service Company of Oklahoma (PSO) filed this Cause to review PSO's rates, charges, regulations and conditions of service and to obtain approval of various cost recovery mechanisms and tariffs, including large-load tariff terms. PSO's Application states that PSO is an Oklahoma corporation engaged in generating, purchasing, transmitting, distributing and selling electric energy in Oklahoma, and that its Oklahoma operations are subject to the Commission's jurisdiction.

Terms of the Joint Stipulation and Settlement Agreement

Effective with the final order of the Commission approving all elements of this Joint Stipulation:

1. Approval of Separate Large Load Tariff Framework

1.1. The Stipulating Parties agree that PSO shall establish a new, separate large-load tariff (Large Load Service or LLS Tariff) applicable to eligible customers with contract demand

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exceeding 75 MW at a single delivery point. The tariff shall be separate from, and shall not be treated as a carve-out from, PSO's existing large-customer tariff.

1.2. The Stipulating Parties agree that the large-load tariff should include three service options: (a) an Option 1 self-supply or bring-your-own-generation (BYOG) option under which the customer takes no generation service from PSO; (b) an Option 2 mixed-service option under which a portion of the customer's load is served under Option 1 and a portion under Option 3; and (c) an Option 3 full-utility-generation-service option under which the customer takes generation service from PSO.

1.3. The Stipulating Parties acknowledge that the settlement proposal provides terms and conditions for three service options within a new large-load tariff applicable to eligible customers with contract demand exceeding 75 MW.

2. HB 2992 Compliance and Cost-Causation Protections

2.1. The Stipulating Parties acknowledge that Oklahoma HB 2992, the Data Center Customer Protection Act of 2026,¹ was approved by the Governor on May 11, 2026, and becomes effective July 1, 2026. The Stipulating Parties intend that the tariff approved under this Joint Stipulation comply with HB 2992 and any Commission rule, order, or directive implementing HB 2992.

2.2. The Stipulating Parties agree that the large-load tariff shall be interpreted, administered and, if necessary, modified to ensure that residential, commercial, industrial and other non-large-load customers are protected from unjust rates resulting directly from electric service to large-load customers, and that costs and revenues are assigned and allocated in accordance with cost-causation principles.

2.3. The Stipulating Parties agree that each service option shall include a true-up mechanism. Under that mechanism, PSO shall periodically review, in a general rate case, regular review process, or other Commission-approved proceeding, whether any costs incurred to serve a large-load customer have been under-collected, over-collected, misallocated, or shifted to residential, commercial, industrial, or any other rate class. If such review identifies a cost shift, under-recovery, or over-recovery, then the applicable rates, charges, credits, collateral requirements, exit fees, minimum charges, or other tariff terms shall be adjusted prospectively and, to the extent permitted by law and approved by the Commission, trued up to assign and allocate costs and revenues consistent with HB 2992's cost-causation requirements.

¹ Codified as Okla. Stat. tit. 17 §§ 900-905 effective July 1, 2026

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2.4. The true-up mechanism shall be designed to ensure that large-load customers reimburse PSO for all costs fairly allocated to them. To the extent the true-up mechanism determines overcollection from a large-load customer or customers, the affected customer or customers shall receive an appropriate credit approved by the Commission.

2.5. The Stipulating Parties agree that the large-load tariff shall include credit requirements and other measures necessary to ensure that large-load customers reimburse PSO for all costs fairly allocated to them, including costs incurred to directly serve the customer that may remain unrecovered if the customer departs the system or materially reduces load.

2.6. The Stipulating Parties agree that each service option shall be implemented consistently with any minimum service-term requirement established by HB 2992, including a minimum ten-year term where applicable, unless the customer or service arrangement is not subject to that requirement under HB 2992 or a Commission order.

3. Applicability

3.1. The large-load tariff shall apply to customers with contract demand exceeding 75 MW, regardless of the customer's BYOG or self-supply generation level.

3.2. The Stipulating Parties agree that the 75 MW threshold resolves, as between the Stipulating Parties, the contested large-load applicability-threshold issues raised in this Cause by PSO, Google, the Petroleum Alliance, DOD/FEA, AARP, and other parties. The Combined Issues Lists reflect disputes over whether the large-load threshold should be 10 MW or 75 MW and whether special large-load provisions should apply only to true large-load customers.

4. Transmission and Interconnection Upgrades

4.1. For Option 1, Option 2, and Option 3, the large-load customer shall fully fund up-front, through Contribution in Aid of Construction (CIAC) or other Commission-approved mechanism, direct-connect transmission and interconnection facilities needed to serve that customer.

4.2. For Option 1, Option 2, and Option 3, the large-load customer shall fully fund up-front a portion of required network upgrades necessary to prevent impacts to PSO's transmission rates for existing customers.

5. Option 1 — Full Self-Supply / BYOG Service

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5.1. Under Option 1, a qualifying large-load customer shall take no generation service from PSO for the self-supplied portion of its load and may self-supply up to 100% of its capacity and energy requirements through a qualified wholesale market counterparty or through behind-the-meter generation, subject to Rider SSS or successor tariff provisions approved by the Commission.

5.2. Option 1 customers shall fund the directly attributable direct-connect facilities and network-upgrade obligations under Section 4.

5.3. Option 1 contract term shall be the minimum required by applicable law, including the ten-year minimum service term described in HB 2992 where applicable.

5.4. Option 1 billing demand shall be a minimum of 80% of contract demand, with either: (a) automatic increase of contract demand with higher peaks; or (b) physical limitation of load so that load does not exceed contract demand.

5.5. Option 1 minimum charges shall equal the sum of minimum demand charges for transmission only, customer charges, and all applicable non-generation riders billed at actual usage.

5.6. No collateral shall be required for Option 1, except to the extent otherwise required by law, Commission order, generally applicable tariff provisions, or customer-specific facilities agreements.

5.7. An Option 1 customer may exit at any time, subject to satisfying outstanding obligations for direct-connect facilities, network upgrades, CIAC, and any Commission-approved charges necessary to prevent cost shifts to other customers.

5.8. Generation capacity charges, energy charges, fuel adjustment charges, and generation-related riders shall not apply to the self-supplied portion of load. Delivery, transmission, and applicable regulatory rider charges shall continue to apply based on total metered demand, subject to Commission-approved tariff terms. The settlement proposal describes Rider SSS as allowing customers with verified coincidental or non-coincident peak demand of at least 75 MW at a single delivery point to self-supply up to 100% of capacity and energy requirements, with generation capacity and energy charges set to \$0.00 for the self-supplied portion

5.9. The System Contribution Charge shall not apply to Option 1 except as expressly approved by the Commission in the large-load tariff or in a customer-specific special contract.

6. Option 2 — Mixed Self-Supply and PSO Generation Service

6.1. Under Option 2, a qualifying large-load customer may elect service under Option 1 for a portion of its load and Option 3 for the remaining portion of its load.

6.2. Option 1 terms shall apply to the Option 1 portion of load, and Option 3 terms shall apply to the Option 3 portion of load.

6.3. PSO shall maintain metering, billing, scheduling, imbalance, standby, settlement, and verification provisions sufficient to ensure that the Option 1 and Option 3 portions of load are separately identified and billed consistent with cost causation and Commission-approved tariff terms.

6.4. The System Contribution Charge shall not apply to Option 2 except as expressly approved by the Commission in the large-load tariff or in a customer-specific special contract.

7. Option 3 — Full PSO Generation Service

7.1. Under **Option 3**, a qualifying large-load customer shall take generation service from PSO and shall not self-supply the customer's generation requirements under Rider SSS for the Option 3 portion of load.

7.2. Option 3 customers shall fund the applicable direct-connect facilities and network-upgrade obligations under Section 4.

7.3. Option 3 shall include a 15-year initial term, with a customer-elected load ramp of up to five years, subject to Commission approval and consistency with HB 2992.

7.4. Option 3 billing demand shall be a minimum of 80% of contract demand, with either: (a) automatic increase of contract demand with higher peaks; or (b) physical limitation of load so that load does not exceed contract demand.

7.5. Option 3 minimum charges shall equal the sum of minimum demand charges for transmission and generation costs, customer charges, and all applicable riders billed at actual usage.

7.6. Option 3 collateral shall equal 48 months of non-fuel minimum bills, subject to the following terms: (a) collateral may be provided through a qualifying guarantee, letter of

credit, or cash; (b) collateral shall be based on 48 times the maximum historical monthly non-fuel charges; and (c) collateral shall be recomputed annually.

7.7. An Option 3 customer may provide notice of exit after 60 months of initial service. The exit fee shall be based on the present value of any remaining reasonably allocable costs incurred to serve or for the benefit of the customer. Financial obligations PSO can terminate shall not be included in the exit fee, and portions of plant balance or CPA/PPA obligations that can be used for net new load shall not be included in the exit fee.

7.8. The System Contribution Charge shall not apply to Option 3 except as expressly approved by the Commission in the large-load tariff or in a customer-specific special contract.

8. Commission Authority to Approve Self-Supply Rider

8.1. The Stipulating Parties agree and stipulate that the Commission has jurisdiction and authority to approve a self-supply rider, including Rider SSS or a successor self-supply/BYOG rider, as part of PSO's retail electric tariff in this Cause.

8.2. PSO's Application invokes Okla. Const. art. IX, § 18; 17 O.S. §§ 152, 153, 250 et seq., and 281 et seq.; and OAC 165:70-1-1 et seq. as legal authority for Commission review of PSO's rates, charges, regulations and conditions of service and approval of cost recovery mechanisms and tariffs.

8.3. Okla. Const. art. IX, § 18 vests the Commission with authority over public utilities, and Okla. Const. art. IX, § 20 provides for direct Supreme Court review of Commission actions prescribing rates, charges, services, practices, rules, or regulations of a public utility. In *City of Oklahoma City v. Oklahoma Corporation Commission*, the Oklahoma Supreme Court reaffirmed that Commission actions prescribing rates, charges, services, practices, rules or regulations of public utilities are appealable under Okla. Const. art. IX, § 20, and that utility tariffs are created through the Commission's legislative ratemaking authority. *City of Okla. City v. Okla. Corp. Comm'n*, 558 P.3d 1231 (Okla. 2024).

8.4. Title 17 O.S. § 152(A) provides that the Commission has general supervision over public utilities, including power to fix and establish rates and to prescribe and promulgate rules, requirements, and regulations affecting their services, operation, and business management. In *City of Oklahoma City*, the Oklahoma Supreme Court quoted § 152(A) as granting the Commission "general supervision over all public utilities" and authority to "fix and establish rates" and prescribe rules, requirements, and regulations affecting public-

utility services, operations, and business conduct. *City of Okla. City v. Okla. Corp. Comm'n*, 558 P.3d 1231 (Okla. 2024).

8.5. Oklahoma Supreme Court precedent recognizes that the Commission approves utility tariffs and rates, and that a utility may not unilaterally increase rates. In *In re Oklahoma Development Finance Authority for Approval of Not to Exceed \$800,000,000 Ratepayer-Backed Bonds*, the Court stated that an investor-owned electric public utility operating in Oklahoma is subject to Commission oversight concerning retail rates and charges and “cannot increase utility rates on its own”; instead, the Commission must approve rates and fuel-cost adjustments. *In re Okla. Dev. Fin. Auth. for Approval of Not to Exceed \$800,000,000 Ratepayer-Backed Bonds*, 510 P.3d 165 (Okla. 2022).

8.6. Oklahoma Supreme Court precedent further recognizes that utility tariffs are the Commission-approved instruments setting forth utility services and rates. In *City of Oklahoma City*, the Court described a public utility tariff as a published document setting forth services provided by the utility, a schedule of rates for those services, and policies relating to the rates, approved by the Commission. *City of Okla. City v. Okla. Corp. Comm'n*, 558 P.3d 1231 (Okla. 2024).

8.7. HB 2992 independently supports Commission approval of separate large-load tariff provisions, including a self-supply rider, because the Act requires separate terms, conditions, and tariffs for large-load customers; requires protection of non-large-load customers from unjust rates resulting directly from service to large-load customers; requires cost-causation allocation; and authorizes the Corporation Commission to promulgate rules and exercise enforcement authority within its jurisdiction. The official Oklahoma Legislature bill information page reflects that HB 2992 was approved by the Governor on May 11, 2026, and the enrolled bill is the operative legislative text. *HB 2992 Bill Information*, 60th Legislature, 2nd Session (Okla. 2026).

8.8. HB 2992 requires the Corporation Commission to approve separate terms, conditions, and tariffs for large-load customers; requires protection of non-large-load customers from unjust rates resulting directly from service to large-load customers; requires cost-causation allocation; and authorizes the Corporation Commission to promulgate rules and exercise enforcement authority within its jurisdiction.

8.9. The self-supply rider falls within the Commission’s authority because it is a tariffed retail-service option that determines the rates, charges, services, practices, rules, and regulations applicable to a defined large-load customer class; preserves Commission

jurisdiction over delivery, transmission, riders, metering, billing, and true-up terms; and assigns generation responsibility and generation-related costs to the customer electing to self-supply, thereby advancing HB 2992 cost-causation and ratepayer-protection requirements.

8.10. The Stipulating Parties agree that approval of Rider SSS or a successor self-supply rider does not deregulate PSO retail service, does not remove the customer from Commission-approved tariff service, and does not limit the Commission's authority to modify, condition, suspend, or enforce tariff provisions in future proceedings consistent with law.

9. Settled Issues

9.1. As between and among the Stipulating Parties, this Joint Stipulation resolves the following issues in this Cause:

(a) whether PSO should offer a separate large-load tariff or separate large-load tariff provisions for customers above 75 MW;

(b) whether the large-load applicability threshold should be 75 MW rather than 10 MW;

(c) whether large-load customers should be allowed to self-supply or bring their own generation through a Commission-approved self-supply rider;

(d) whether self-supplied load should avoid generation capacity charges, energy charges, fuel adjustment charges, and generation-related riders for the self-supplied portion of load;

(e) whether delivery, transmission, and applicable regulatory riders should continue to apply to self-supplied customers based on total metered demand;

(f) whether large-load customers should up-front fund direct-connect transmission and interconnection facilities through CIAC;

(g) whether large-load customers should up-front fund required network upgrades necessary to prevent transmission-rate impacts to existing customers;

(h) whether large-load terms should include a cost-causation true-up mechanism;

(i) whether large-load terms should include credit support, minimum charges, collateral, and exit-fee mechanisms sufficient to prevent cost shifts to other customers;

(j) whether the Commission has authority to approve a self-supply rider as part of PSO's tariff in this Cause; and

(k) whether the large-load tariff should be conformed to HB 2992 and future Commission rules, orders, or directives implementing HB 2992.

9.2. The Stipulating Parties agree that the settlement of the foregoing issues is consistent with issues raised by Google, DOD/FEA, AARP, the Petroleum Alliance, the Data Center Coalition, and other parties concerning BYOG/self-supply, cost-shift protections, applicability threshold, contract term, collateral, exit fees, and large-load tariff structure. The Combined Issues Lists identify those disputed issues, including DOD/FEA's position that the Commission should consider an SGR or BYOG framework allowing large-load customers to arrange dedicated supply through third-party PPAs, behind-the-meter generation, self-supply, or a combination of resources.

10. Issues Not Resolved by this Joint Stipulation

10.1. Except as expressly resolved in Section 9, this Joint Stipulation does not resolve PSO's requested revenue requirement, overall rate increase, class revenue allocation, rate design, rate base, cost of capital, depreciation, storm-cost recovery, rider proposals other than the large-load/self-supply provisions addressed herein, or any other issue not specifically identified as settled.

10.2.- The Stipulating Parties acknowledge that the issues remaining for Commission decision or further settlement include, without limitation, the following:

(a) Revenue requirement and accounting adjustments. PSO's accounting adjustments, six-month post-test-year adjustments, plant additions, capital-project prudence and necessity, ad valorem tax treatment, depreciation expense, rate-case expenses, payroll increases, incentives, SERP, dues and donations, investor-relations expense, directors' and officers' insurance, SPP pro forma adjustments, NOLC treatment, ARO/CCR costs, deferred pension-settlement costs, and other revenue-requirement adjustments remain outstanding unless resolved by separate stipulation. PSO's issues list identifies accounting adjustments, generation and renewable investments, storm costs, O&M, depreciation, NOLC, NE3, CCR/ARO, and pension settlement cost issues.

(b) Cost of capital. The appropriate return on equity, capital structure, and overall rate of return remain outstanding. PSO identified return on equity and actual capital structure as issues, and other parties proposed different ROE and capital-structure positions.

(c) Storm-cost recovery. The level of storm expense in base rates, amortization of deferred storm costs, and whether recovery of storm costs should be denied or reduced remain outstanding.

(d) Vegetation Management Rider, SPPTC Rider, GEAR Rider, RRR Rider, and other rider issues. PSO's proposed Vegetation Management Rider, continued capitalization of vegetation-management costs, SPPTC amendments, GEAR Rider extension and cap increase, RRR expiration-date issue, and whether PSO's rider requests satisfy Commission standards remain outstanding except to the extent a provision expressly relates to the large-load/self-supply tariff approved herein.

(e) Cost-of-service and allocation issues. Production cost allocation, wind and solar allocation, transmission cost allocation, special-contract revenue allocation, class revenue requirement, and revenue allocation remain outstanding. Walmart, DOD/FEA, AARP, and others identified disputes over renewable generation capacity allocators, transmission cost allocators, cost-of-service study methodology, and class revenue requirement.

(f) Future test year and historical test year. AARP's issue concerning whether PSO's request to use a future test year should be rejected in favor of a historical test year remains outstanding.

(g) Renewable generation O&M and RRR expiration. The Petroleum Alliance's renewable generation O&M disallowance issue and RRR tariff expiration-date issue remain outstanding except to the extent otherwise resolved by separate stipulation.

(h) Rate design. Rate-design issues not expressly tied to the large-load/self-supply tariff terms settled herein remain outstanding, including Walmart's reduced-revenue-requirement rate-design proposal and mitigation of increases to C&I service levels.

(i) Special contracts and customer-specific arrangements. The preservation or approval of Commission-approved special contracts for atypical, capital-intensive large-load projects remains outstanding except to the extent this Joint Stipulation recognizes that uniform tariff terms may serve as a floor rather than a ceiling if the Commission approves a special contract.

10.3. No Stipulating Party waives its right to litigate or settle any outstanding issue not expressly settled herein.

11. Discovery and Motions

11.1. As between and among the Stipulating Parties, all pending requests for discovery and all motions pending before either the Commission or the Administrative Law Judge relating solely to the settled large-load/self-supply issues addressed in this Joint Stipulation are hereby withdrawn upon Commission approval of this Joint Stipulation.

11.2. Discovery requests and motions relating to issues not resolved by this Joint Stipulation are not withdrawn unless otherwise agreed in writing by the affected parties or ordered by the Commission.

12. General Reservations

12.1. The Stipulating Parties represent and agree that, except as specifically otherwise provided herein, this Joint Stipulation represents a negotiated settlement for the purpose of compromising and settling the issues identified as settled herein.

12.2. Each of the undersigned counsel of record affirmatively represents that he or she has full authority to execute this Joint Stipulation on behalf of the client or clients represented.

12.3. None of the signatories shall be prejudiced or bound by the terms of this Joint Stipulation if the Commission does not approve this Joint Stipulation, or if any appeal of a Commission order adopting this Joint Stipulation is filed with the Oklahoma Supreme Court.

12.4. The Stipulating Parties agree that the provisions of this Joint Stipulation are the result of extensive negotiations and that the terms and conditions of this Joint Stipulation are interdependent. The Stipulating Parties agree that settling the issues identified herein is in the public interest and that they have entered into this Joint Stipulation to settle those issues among themselves.

12.5. This Joint Stipulation shall not constitute, be cited as, or be deemed an admission or precedent by any Stipulating Party in any other proceeding, except as necessary to enforce its terms before the Commission or any court of competent jurisdiction. The Commission's decision, if it enters an order consistent with this Joint Stipulation, shall be binding as to the settled matters decided in this Cause, but shall not be binding with respect to similar issues that may arise in other proceedings.

12.6. A Stipulating Party's support of this Joint Stipulation may differ from its position or testimony in other causes. To the extent there is a difference, the Stipulating Parties do not waive their positions in other causes. Because this is a stipulated agreement, the Stipulating Parties are under no obligation to take the same position as set out in this Joint Stipulation in other dockets.

13. Non-Severability

13.1. The Stipulating Parties stipulate and agree that the agreements contained in this Joint Stipulation have resulted from negotiations among the Stipulating Parties and are interrelated and interdependent.

13.2. The Stipulating Parties specifically state and recognize that this Joint Stipulation represents a balancing of positions of each Stipulating Party in consideration for the agreements and commitments made by the other Stipulating Parties in connection herewith.

13.3. Therefore, if the Commission does not approve and adopt the terms of this Joint Stipulation in total and without modification or condition, unless the affected party or parties consent to such modification or condition, this Joint Stipulation shall be void and of no force and effect, and no Stipulating Party shall be bound by the agreements or provisions contained herein.

13.4. The Stipulating Parties agree that neither this Joint Stipulation nor any provision hereof shall become effective unless and until the Commission has entered an order approving all terms and provisions as agreed by the Stipulating Parties and such order becomes final and non-appealable.

14. Requested Commission Findings

14.1. The Stipulating Parties respectfully request that the Commission find:

- (a) the Commission has jurisdiction over PSO and over the subject matter of this Cause;
- (b) approval of the large-load tariff framework and Rider SSS or successor self-supply rider is within the Commission's constitutional and statutory authority;
- (c) the large-load tariff framework described herein is fair, just, reasonable, and in the public interest;

~~CASE PUD 2025-000075 ENTRY NO. 797 FILED IN OCC COURT CLERK'S OFFICE ON 06/21/2026 - PAGE 28 OF 33~~

- (d) the large-load tariff framework is consistent with HB 2992's cost-causation and customer-protection requirements;
- (e) the true-up, CIAC, minimum-charge, collateral, and exit-fee provisions are designed to prevent cost shifts to residential, commercial, industrial, and any other rate class;
- (f) the 75 MW applicability threshold is reasonable for the large-load tariff framework adopted herein;
- (g) Option 1, Option 2, and Option 3 provide lawful, cost-based tariffed service options for eligible large-load customers; and
- (h) this Joint Stipulation should be approved in its entirety.

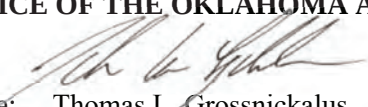
WHEREFORE, the Stipulating Parties hereby submit this Joint Stipulation and Settlement Agreement to the Commission as their negotiated settlement of the issues identified herein and respectfully request the Commission to issue an order approving this Joint Stipulation and Settlement Agreement.

Signature Blocks

PUBLIC SERVICE COMPANY OF OKLAHOMA

By: _____
Name: _____
Title/Counsel: _____
Date: _____

OFFICE OF THE OKLAHOMA ATTORNEY GENERAL

By:  _____
Name: Thomas L. Grossnickalus
Title/Counsel: Deputy Attorney General
Date: 06/26/2026

GOOGLE, LLC

By:  _____
Name: Jim Roth
Title/Counsel: Attorney
Date: 06/26/26

PUBLIC UTILITY DIVISION, OKLAHOMA CORPORATION COMMISSION

By:  _____
Name: Fairo Mitchell
Title/Counsel: PUD Director
Date: 06/26/2026

OKLAHOMA INDUSTRIAL ENERGY CONSUMERS

By: _____
Name: _____
Title/Counsel: _____
Date: _____

WALMART INC.

CASE PUD 2025-000075 ENTRY NO. 797 FILED IN OCC COURT CLERK'S OFFICE ON 06/30/2026 - PAGE 30 OF 33

By: _____
Name: _____
Title/Counsel: _____
Date: _____

**UNITED STATES DEPARTMENT OF DEFENSE AND ALL OTHER FEDERAL
EXECUTIVE AGENCIES**

By: _____
Name: _____
Title/Counsel: _____
Date: _____

DATA CENTER COALITION

By: _____
Name: _____
Title/Counsel: _____
Date: _____

AARP

By: _____
Name: _____
Title/Counsel: _____
Date: _____

THE PETROLEUM ALLIANCE OF OKLAHOMA

By: _____
Name: _____
Title/Counsel: _____
Date: _____

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 30th day of June, 2026, a true and correct copy of the foregoing *Second Settlement Testimony of Adrian J. Kimbrough* was mailed, emailed, or hand delivered to the following:

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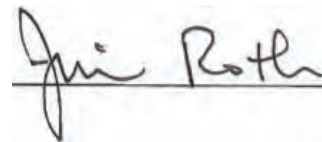
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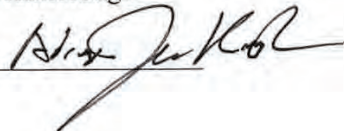
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Energy Consumers*



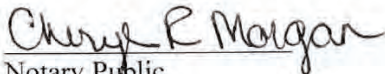
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COUNTY OF OKLAHOMA)

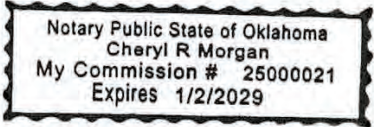
On or before June 30, 2026, before me appeared Adrian Kimbrough, to me personally known, who, being by me first duly sworn, states that he is Senior Vice President for Gabel Associates and states that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge, and belief.

Print: Adrian Kimbrough
Signature: 

Subscribed and sworn before me this 30th of June, 2026.


Notary Public

My Commission Expires: 1/2/2029



BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

**APPLICATION OF PUBLIC SERVICE
COMPANY OF OKLAHOMA, AN OKLAHOMA
CORPORATION, FOR AN ADJUSTMENT IN
ITS RATES AND CHARGES AND THE
ELECTRIC SERVICE RULES, REGULATIONS
AND CONDITIONS OF SERVICE FOR
ELECTRIC SERVICE IN THE STATE OF
OKLAHOMA AND TO APPROVE VARIOUS
COST RECOVERY MECHANISMS AND
TARIFFS**

CASE NO. PUD 2025-000075

TESTIMONY IN OPPOSITION TO NONUNANIMOUS SETTLEMENT AGREEMENT

OF

DAVID J. GARRETT

ON BEHALF OF

OKLAHOMA INDUSTRIAL ENERGY CONSUMERS

JUNE 30, 2026

Q. State your name and occupation.

A. My name is David J. Garrett. I am a consultant specializing in public utility regulation. I am the managing member of Resolve Utility Consulting, PLLC.

Q. Did you file responsive testimony in this proceeding?

A. Yes. I filed responsive testimony in this proceeding on May 1, 2026 on behalf of Oklahoma Industrial Energy Consumers ("OIEC"). In my direct testimony, I presented my analysis and recommendation regarding the cost of equity and fair authorized return on equity ("ROE") for Public Service Company of Oklahoma ("PSO" or the "Company"). I also presented my analysis and recommendations regarding PSO's depreciation rates. A summary of my educational background and professional experience was provided in my responsive testimony.

Q. What is the purpose of your settlement testimony?

A. In this testimony, I address my opposition to the Joint Stipulation and Settlement Agreement (the "Settlement") regarding rate of return and depreciation issues. I respond to the testimonies filed in support of the PSO Stipulation on June 26, 2026, by PSO witness Matthew Horeled, PUD witness Farzad Khalili, and AG witness Brice Betchan.

Q. Please describe the awarded return on equity ("ROE") and capital structure agreed to in the Settlement.

A. The Settlement proposes an awarded ROE of 9.375% and a ratemaking capital structure consisting of 50.15% debt and 49.85% equity.¹

¹ Joint Stipulation and Settlement Agreement, p. 1.

Q. How does the authorized ROE agreed to in settlement compare with PSO's cost of equity?

A. In both my and Staff's original prefiled testimony, we found a reasonable estimate of PSO's cost of equity is 8.3%. This means an authorized ROE higher than 8.3% results in an excess wealth transfer from customers to shareholders beyond that which is required under the law.

Q. In your opinion, did the technical analysis presented by PUD in its original prefiled testimony support its proposed ROE of 8.3%?

A. Yes. In addition, it is noteworthy that I arrived at the same ROE recommendation of 8.3% based on my technical analysis. As discussed in my testimony, an ROE of 8.3% likely overstates PSO's market based cost of equity. However, it would be a reasonable authorized ROE under the circumstances.

Q. Does PSO witness Horeled, PUD witness Khalili, or AG witness Betchan provide any technical analysis to support their opinions that the ROE and capital structure proposed in the Settlement are reasonable?

A. No. All three witnesses note the ROE and capital structure presented in the Settlement, and claim that the stipulation is reasonable. However, these witnesses do not provide any technical analyses or other evidence in their settlement testimony to support the ROE and capital structure presented in the Settlement.

Q. What is the weighted average cost of capital adjustment presented in the Settlement?

A. The Settlement shows a weighted average cost of capital adjustment of \$39.3 million. This figure, while mathematically accurate, is ultimately misleading as the supposed benefits of the settlement. The reason the settled rate of return results in such a large adjustment is simply due to the fact that PSO's proposed rate of return was grossly unreasonable. I am

not aware of any contested regulatory proceeding in the U.S. in which a utility's proposed rate of return was adopted without adjustment. It is clear stakeholders in the industry collectively understand utilities' proposed returns to be unreasonably high requests that are materially disconnected with market based required returns. In that regard, had PSO proposed an even higher unreasonable return, the corresponding "adjustment" would have been even greater.

Q. Based on PSO's current authorized ROE, should the authorized ROE in this case be much lower due to Senate Bill 998 and other market factors?

A. Yes. If the Commission is persuaded to consider PSO's current authorized ROE of 9.5% as a starting benchmark on which to set its authorized ROE in this case, then PSO's authorized ROE should clearly be much lower in this case. This is due to several factors. Notably, the recently enacted Oklahoma Senate Bill 998 allows PSO to recover CWIP from customers prior to the completion of capital projects, effectively shifting financial risk from shareholders to customers. The risk reducing aspects of such unique regulatory mechanism cannot be fully captured in the application of cost of equity modeling such as the Capital asset Pricing Model ("CAPM"). According to an objective application of the CAPM, as presented in my direct testimony, PSO's cost of equity under current market conditions is only 7.9%. Thus, PSO's authorized ROE in this case should be significantly less than the authorized ROE outlined in the Settlement.

Q. How does the ratemaking capital structure proposed in the Settlement compare with the capital structure of the proxy group of utilities used by PSO for the cost of capital analyses in this case?

A. In estimating the cost of equity for PSO, all of the ROE witnesses in this case relied on a proxy group to obtain key inputs required for the financial models commonly used to

estimate cost of equity (such as dividends, stock prices, betas, etc.). The cost of equity estimates derived from the proxy group are necessarily connected to the capital structures of the same proxy group. The average debt ratio of the proxy group I used in this case (the same group relied upon by the Company) is 57%. The ratemaking capital structure proposed in the Settlement is inconsistent with, and far more expensive to ratepayers, than the average capital structure of the proxy group.

Q. How does the ratemaking capital structure proposed in the Settlement compare with the capital structure utilized by PSO's parent company, AEP?

A. Another indication of a fair ratemaking debt ratio for PSO is the debt ratio utilized by PSO's parent company, AEP, which was 58% at the end of 2025. If the Commission does not adjust PSO's ratemaking capital structure, it would effectively be requiring PSO's customers to pay a higher equity return on AEP's lower cost debt. This is because the "equity" on PSO's balance sheet is funded in part with AEP's debt. This scheme is known as "double leverage," and it is a profitable arrangement for AEP's shareholders because they can earn a high equity return on their low-cost debt. However, these windfall returns come at the expense of customers, and there is no way to describe this scheme as fair or reasonable.

Q. Please summarize the depreciation expense adjustment in the Settlement.

A. The Settlement provides for a depreciation expense adjustment of \$32.3 million.

Q. Does the Settlement provide any details regarding the depreciation expense adjustment or a schedule outlining the approved rates for each account?

A. No. According to AG witness Betchan, "the Stipulating Parties agreed to the depreciation and amortization rates consistent with the recommendation of PUD."²

Q. Did PUD's proposed depreciation rates recommend a 10-year service life for PSO's software assets pursuant to Commission precedent?

A. No. According to PUD's responsive testimony on this issue, PUD agrees with PSO that five years is a reasonable amortization period for its software assets.³ PUD recommended a service life of 7.5 years in this case, and indicated it would support moving to five years in PSO's next rate case. PUD did not provide any analysis or evidence in support of its recommendation.

Q. Did PSO provide any evidence to support its proposed service life of five years for its software assets?

A. No. Not only did PSO fail and refuse to provide any evidence to support its proposed service life of only five years for its software assets contrary to Commission precedent, PSO has not even claimed that it is using these assets for only five years, on average. In *Lindheimer v. Illinois Bell Telephone Co.*, the U.S. Supreme Court stated found:

[T]he company has the burden of making a convincing showing that the amounts it has charged to operating expenses for depreciation have not been excessive. That burden is not sustained by proof that its general accounting system has been correct. The calculations are mathematical, but the predictions underlying them are essentially matters of opinion.⁴

² Settlement Testimony of Brice D. Betchan, p. 10, lines 15-16.

³ Responsive testimony of John Givens, pp. 35-36.

⁴ *Lindheimer v. Illinois Bell Tel. Co.*, 292 U.S. 151, 169 (1934).

Not only has PSO failed and refused to make a convincing showing that its software rates are not excessive, but it has not made any showing at all. Moreover, PSO has not even claimed that the actual service lives of these assets is only five years. Instead, PSO's testimony on this issue focused on contracts – a factor completely unrelated to service life.

Q. Is the Settlement fair, just, and reasonable as it pertains to the awarded rate of return and depreciation rates?

A. No. The Settlement is neither fair, just, nor reasonable as it pertains to the awarded rate of return and authorized depreciation rates. The Settlement is not in the public interest and should be rejected by the Commission.

Q. Does this conclude your testimony?

A. Yes.

~~CASE PUD PUD2025-000075 ENTRY NO. 798 FILED IN OCC COURT CLERK'S OFFICE ON 06/30/2026 - PAGE 8 OF 8~~

CERTIFICATE OF SERVICE

This is to certify that on the 30th day of June, 2026, a true and correct copy of the above and foregoing document was served electronically on the parties that are listed on the Commission's Electronic Service List.



Thomas P. Schroedter

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

**APPLICATION OF PUBLIC SERVICE)
COMPANY OF OKLAHOMA, AN)
OKLAHOMA CORPORATION, FOR AN)
ADJUSTMENT IN ITS RATES AND)
CHARGES AND THE ELECTRIC SERVICE)
RULES, REGULATIONS, AND CONDITIONS)
OF SERVICE FOR THE ELECTRIC SERVICE)
IN THE STATE OF OKLAHOMA AND TO)
APPROVE VARIOUS COST RECOVERY)
MECHANISMS AND TARIFFS)**

CASE NO. PUD 2025000075

TESTIMONY IN OPPOSITION TO NONUNANIMOUS SETTLEMENT AGREEMENT

OF

MEREDITH M. GUNNER

ON BEHALF OF

OKLAHOMA INDUSTRIAL ENERGY CONSUMERS ("OIEC")

June 30, 2026

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I. WITNESS IDENTIFICATION AND PURPOSE OF TESTIMONY 3

II. OPPOSITION TO THE SETTLEMENT AGREEMENT 3

I. WITNESS IDENTIFICATION AND PURPOSE OF TESTIMONY

1 **Q: PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.**

2 A: My name is Meredith Gunner. I am a Regulatory Consultant at Garrett Group Consulting,
3 Inc., a firm specializing in public utility regulation, litigation, and consulting services. My
4 business address is 4028 Oakdale Farm Circle, Edmond, Oklahoma, 73013.

5

6 **Q: ARE YOU THE SAME MEREDITH GUNNER WHO FILED RESPONSIVE 8**
7 **TESTIMONY IN THIS PROCEEDING ON MAY 1, 2026?**

8 A: Yes, I am.

9

II. OPPOSITION TO THE SETTLEMENT AGREEMENT

10 **Q: DOES THE PARTIAL PARTY SETTLEMENT AGREEMENT RESOLVE THE**
11 **ISSUES YOU ADDRESSED IN YOUR DIRECT TESTIMONY?**

12 A: Only in part. The Settlement Agreement includes the disallowance of Supplemental
13 Executive Retirement Plan ("SERP") expense, as corrected for the Company's updated
14 filing and as recommended by Public Utility Division Staff ("Staff") and the Attorney
15 General. However, the Settlement Agreement leaves unchanged the Company's request for
16 100% recovery of investor relations expenses, industry dues and membership fees, and
17 directors' and officers' ("D&O") liability insurance. Those are expenses for which I
18 recommended a 50/50 allocation between shareholders and ratepayers because they
19 provide substantial, direct benefits to shareholders.¹

¹ Direct Testimony of Meredith M. Gunner, p. 7–15.

1 **Q: SHOULD THE SETTLEMENT AGREEMENT'S EXCLUSION OF SERP BE**
2 **VIEWED AS A CONCESSION BY PSO?**

3 A: Absolutely not. The exclusion of SERP from the Settlement Agreement should not be
4 viewed as a concession by PSO. As reflected in PSO's prior three rate case proceedings,
5 the Company has repeatedly sought recovery of SERP expenses over the past 20 years, and
6 such recovery has consistently been denied. The Settlement Agreement merely continues
7 that longstanding regulatory treatment rather than representing a new resolution of the
8 issue.

9
10 **Q: WHAT ARE THE ISSUES YOU RAISED IN RESPONSIVE TESTIMONY THAT**
11 **ARE OMITTED FROM THE SETTLEMENT AGREEMENT?**

12 A: The three issues that remain unaddressed by the Settlement Agreement are the Company's
13 proposed 100% recovery of investor relations expenses, industry dues and membership
14 fees, and D&O liability insurance.

15
16 **Q: HAVE YOUR RECOMMENDATIONS ON THOSE ISSUES CHANGED IN LIGHT**
17 **OF THE PARTIAL PARTY SETTLEMENT AGREEMENT?**

18 A: No. The Partial Party Settlement Agreement does not change my recommendations
19 regarding the appropriate allocation of investor relations expenses, industry dues and
20 membership fees, or directors' and officers' (D&O) liability insurance. My
21 recommendations are based on the ratemaking principle that costs should be allocated
22 according to the beneficiaries of those expenditures. Because these costs provide
23 substantial, direct benefits to shareholders, I continue to recommend a 50/50 allocation.

1 With respect to investor relations expenses, the Settlement Agreement does not alter
2 my conclusion that these activities provide substantial benefits to shareholders, including
3 improved access to capital, enhanced market perception, lower financing costs, and
4 increased shareholder value. While customers may also benefit indirectly through reduced
5 financing costs, those shared benefits support a shared cost allocation.

6 Similarly, the Settlement Agreement does not change my conclusion regarding
7 industry dues and membership fees. Although certain memberships may provide
8 operational or technical benefits related to utility service, many also provide executive
9 networking, corporate development, lobbying, and other benefits that advance broader
10 corporate interests. Because these expenditures serve both utility operations and
11 shareholder interests, a shared allocation remains appropriate.

12 Finally, nothing in the Settlement Agreement changes my recommendation
13 regarding D&O liability insurance. These policies primarily protect directors, officers, and
14 the corporation by providing protection related to corporate governance. Those benefits
15 accrue directly to shareholders, while any customer benefits are indirect. Accordingly, I
16 continue to conclude that a 50/50 allocation appropriately reflects the shared benefits of
17 these costs.

18 For these reasons, I do not believe the Partial Party Settlement Agreement provides
19 a basis to modify my recommendations on these expense allocations.

20

21 **Q: DID OTHER PARTIES REACH SIMILAR CONCLUSIONS?**

22 A: Yes. The Attorney General's witness, Mr. Bohrmann, also recommended that investor
23 relations, industry dues, and D&O liability insurance be shared equally between

1 shareholders and ratepayers.² Commission Staff also supported an even split between
2 ratepayers and shareholders for industry dues, citing its own consistent treatment on this
3 issue.³

4

5 **Q: DOES THE SETTLEMENT AGREEMENT EXPLAIN WHY THOSE**
6 **RECOMMENDATIONS WERE REJECTED?**

7 A: No. The Settlement Agreement provides no explanation for rejecting the recommendations
8 of the OIEC, the Attorney General, and Commission Staff on these issues. Instead, it simply
9 preserves the Company's request for full recovery of those expenses.

10

11 **Q: IS THERE SIGNIFICANCE TO THE COMPANY'S REBUTTAL TESTIMONY IN**
12 **EVALUATING THE SETTLEMENT AGREEMENT?**

13 A: Yes. In evaluating the Partial Party Settlement Agreement, it is useful to consider the
14 Company's position throughout this proceeding regarding the alignment of shareholder and
15 customer interests. In its rebuttal testimony, the Company asserted that there is generally
16 "no valid distinction" between shareholder and ratepayer interests.⁴ The Company
17 characterized those interests as "symbiotic," arguing that expenses benefiting shareholders
18 necessarily benefit customers.⁵

² Responsive Testimony of Todd F. Bohrmann, p. 21–35, 48–52.

³ Responsive Testimony of Kimberly Trotter, p. 7–8 (citing PUD Cause No. 2021-00055, PUD Cause No. 2022-000093, and PUD Case No. 2023-000086).

⁴ Rebuttal Testimony of Matthew A. Horeled, p. 21, Lines 1–5.

⁵ See *id.*

1 The events surrounding the Settlement Agreement tell a different story. The
2 testimony supporting the Settlement Agreement states that the parties engaged in
3 “numerous hours of negotiation.”⁶ Yet those hours of negotiation excluded the OIEC and
4 several of the largest customer interests participating in this case.

5 In short, the Company’s actions during settlement negotiations undermine its own
6 claims. If there were truly “no valid distinction” between shareholder and ratepayer
7 interests in this proceeding, there would have been no reason for the Company to exclude
8 customers from the negotiating table. Instead, PSO negotiated only with parties willing to
9 accept its position, while excluding those who continued to advocate for lower costs for
10 ratepayers. The absence of opposing voices from the negotiation must not be mistaken for
11 agreement among customer representatives.

12
13 **Q: DOES THE MANNER IN WHICH THE SETTLEMENT AGREEMENT WAS**
14 **NEGOTIATED AFFECT YOUR EVALUATION OF THE SETTLEMENT?**

15 A: Yes. The Settlement Agreement was negotiated without the participation of parties
16 representing significant customer interests in Oklahoma, including OIEC. As a result, the
17 settlement does not reflect consensus among the principal customer interests in this case.
18 Instead, the Settlement Agreement represents what is commonly referred to as a "black
19 box" settlement. It does not explain how the settling parties evaluated contested issues or
20 why they concluded that customers should bear 100% of expenses that the OIEC, the
21 Attorney General, and Staff concluded should be shared with shareholders.

⁶ Settlement Testimony of Brice D. Betchan, p. 6, Lines 22–23.

1 **Q: ARE THERE OTHER PARTIES THAT HAVE NOT JOINED THE SETTLEMENT**
2 **AGREEMENT?**

3 A: Yes. In addition to the OIEC, other significant customer interests, including Walmart and
4 the Department of Defense, have not joined the Settlement Agreement. Those parties
5 collectively represent some of Oklahoma's largest employers and electricity consumers.

6 Because the Settlement Agreement does not reflect broad agreement among
7 customer representatives, it underscores the need for the Commission to independently
8 evaluate the unresolved issues rather than assume the Partial Party Settlement Agreement
9 produces a just and reasonable result.

10

11 **Q: PLEASE SUMMARIZE YOUR RECOMMENDATION REGARDING THE**
12 **SETTLEMENT AGREEMENT.**

13 A: While the Settlement Agreement adopts my recommendation regarding the long-settled
14 SERP expense issue, it leaves unresolved three remaining issues. Investor relations,
15 industry dues, and D&O liability insurance provide substantial and direct benefits to
16 shareholders. Consistent with established cost-allocation principles, those expenses should
17 (at the very least) be shared equally between shareholders and customers. Because the
18 Settlement Agreement provides no analytical basis for rejecting that approach and requires
19 Oklahoma ratepayers to fund 100 percent of those shared-benefit costs, I do support
20 approval of the Settlement Agreement in its current form.

21

22 **Q: DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**

23 A: Yes, it does.

~~CASE PUD 2025-000075 ENTRY NO. 799 FILED IN OCC COURT CLERK'S OFFICE ON 06/30/2026 - PAGE 9 OF 9~~

CERTIFICATE OF SERVICE

This is to certify that on the 30th day of June, 2026, a true and correct copy of the above and foregoing document was served electronically on the parties that are listed on the Commission's Electronic Service List.



Thomas P. Schroedter

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE	)	
COMPANY OF OKLAHOMA, AN	)	
OKLAHOMA CORPORATION, FOR AN	)	
ADJUSTMENT IN ITS RATES AND	)	
CHARGES AND THE ELECTRIC	)	
SERVICE RULES, REGULATIONS AND	)	CASE NO. PUD 2025-000075
CONDITIONS OF SERVICE FOR	)	
ELECTRIC SERVICE IN THE STATE	)	
OF OKLAHOMA AND TO APPROVE	)	
VARIOUS COST RECOVERY	)	
MECHANISMS AND TARIFFS	)	

**TESTIMONY IN OPPOSITION TO THE
NONUNANIMOUS SETTLEMENT AGREEMENT**

OF

SCOTT NORWOOD

ON BEHALF OF

OKLAHOMA INDUSTRIAL ENERGY CONSUMERS ("OIEC")

JUNE 30, 2026

1

I. INTRODUCTION

2 **Q. PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS.**

3 A. My name is Scott Norwood. I am President of Norwood Energy Consulting, L.L.C. My
4 business address is 5926 Lookout Mountain Drive, Austin, Texas 78731.

5

6 **Q. WHAT IS YOUR OCCUPATION?**

7 A. I am an energy consultant specializing in the areas of electric utility regulation, resource
8 planning and energy procurement.

9

10 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?**

11 A. Yes. I filed responsive testimony in this case on behalf of Oklahoma Industrial Energy
12 Consumers ("OIEC") on May 1, 2026 in the revenue requirement phase of this proceeding,
13 and on May 15, 2026 in the rate design and tariff phase of this proceeding. A summary of
14 my background and experience were provided in Exhibit SN-1 of my revenue requirement
15 phase responsive testimony.

16

17 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

18 A. The purpose of my testimony is explain why the non-unanimous Joint Stipulation and
19 Settlement Agreement ("Joint Stipulation" or "the Agreement") entered into by the
20 Stipulating Parties and filed with the Commission on June 26, 2026, is not in the public
21 interest and should not be approved by the Commission.

22

23 **Q. WHO ARE THE STIPULATING PARTIES?**

1

1 A. The Stipulating Parties are Public Service Company of Oklahoma ("PSO"), the Oklahoma
2 Corporation Commission's Public Utility Division Staff ("PUD"), the Office of the
3 Attorney General ("AG"), the Petroleum Alliance of Oklahoma ("PAO") and AARP.

4
5 **Q. WHICH PARTIES DID NOT JOIN THE JOINT STIPULATION?**

6 A. The Non-Signing Parties include OIEC, Walmart and the Department of Defense ("DOD").

7
8 **Q. WHICH ISSUES ARE ADDRESSED BY YOUR TESTIMONY?**

9 A. My testimony explains that major problems with PSO's rate increase application which
10 were addressed by my responsive testimony, were not reasonably resolved by the Joint
11 Stipulation, including: 1) PSO's failure to adjust for the reduction in non-fuel operations
12 and maintenance ("O&M") expense that will result from the conversion of the Northeastern
13 Unit 3 ("NE 3") coal-fired generating unit to burn natural gas in January of 2026; 2) PSO's
14 failure to justify its proposed \$36.5 million pro-forma increase to Test Year distribution
15 O&M expenses, which would allow the Company to recover projected transmission
16 charges of its affiliate Oklahoma Transco¹; 3) PSO's failure to justify several major capital
17 investments which the Company claims were necessary to improve the reliability of the
18 Company's electric distribution grid; 4) PSO's request to expand its existing Southwest
19 Power Pool Transmission Cost ("SPPTC") Rider to allow the Company to recover
20 projected affiliate transmission charges that have historically been excluded from the
21 SPPTC Rider; and 5) PSO's unjustified request to indefinitely extend and expand the \$6

¹ Oklahoma Transco's FERC-approved formula rate is based on projected transmission investment and expenses.

1 million annual cost cap of the Company's existing Grid Enhancement and Resiliency
2 ("GEAR") Rider.

3

4 **Q. THE JOINT STIPULATION ASSERTS THAT THE AGREEMENT PROVIDES A**
5 **FAIR, JUST AND REASONABLE SETTLEMENT OF ALL ISSUES BETWEEN**
6 **THE STIPULATING PARTIES AND THAT TERMS OF THE AGREEMENT ARE**
7 **IN THE PUBLIC INTEREST. DO YOU AGREE?**

8 A. No. While the Joint Stipulation may resolve the issues of concern between PSO and the
9 Stipulating Parties, with the exception of the new Large Load Tariff, the Agreement does
10 not reasonably resolve the concerns of OIEC, which are presented in my responsive
11 testimony and the responsive testimonies of OIEC witnesses Mark Garrett, David Garrett,
12 and Meredith Gunner. In fact, OIEC was not included in the final negotiations between
13 the Stipulating Parties that led to the Joint Stipulation and had no input in the terms of the
14 Agreement before it was filed with the Commission on June 26, 2026. Furthermore, while
15 the Stipulating Parties may agree that the terms of the Joint Stipulation are in the public
16 interest, however OIEC, Walmart and DOD, which are among PSO's largest customers,
17 do not agree that the Agreement is in their interest. The public interest cannot be served
18 by non-unanimous settlement agreements when major interest groups, such as the Non-
19 Signing Parties, are excluded from the final negotiations of the agreement.

1 **Q. DO YOU HAVE CONCERNS WITH PSO'S RATE INCREASE APPLICATION**
2 **THAT ARE NOT REASONABLY RESOLVED BY THE JOINT STIPULATION?**

3 A. Yes. My remaining testimony addresses my recommended adjustments to PSO's proposed
4 base rate increase and tariff revisions that are not addressed by the Joint Stipulation.

5

6 **II. NORTHEASTERN UNIT 3 O&M EXPENSE**

7

8 **Q. WHAT IS YOUR RECOMMENDATION REGARDING PSO'S REQUEST FOR**
9 **NE 3 O&M?**

10 A. My responsive testimony recommends that PSO's requested O&M expense for the
11 Company's NE 3 generating unit should be reduced by \$11.4 million to reflect the
12 reduction of O&M expense that is expected to result because NE 3 ceased burning coal and
13 was converted to burning natural gas in January of 2026. My adjustment reflects the
14 undisputed fact that O&M expenses for coal-fired plants are inherently higher than O&M
15 expenses for gas-fired plants, and is based on the lower end of the range of reductions as
16 indicated by historical O&M expense data for PSO's own gas-fired plants along with recent
17 analysis conducted by PSO's affiliate Southwestern Electric Power Company
18 ("SWEPCO") that addresses the reduction in O&M savings associated with converting an
19 existing coal plant to burn natural gas.

20

21 **Q. WAS YOUR RECOMMENDED ADJUSTMENT TO REFLECT THE**
22 **CONVERSION OF NE 3 TO NATURAL GAS OPERATIONS ADDRESSED BY**
23 **TESTIMONY FILED BY THE STIPULATING PARTIES?**

1 A. Yes. The issue was addressed in the rebuttal testimony of PSO witness McMahon, but not
2 in other testimony presented by PSO, PUD, the AG or the other Stipulating Parties.
3

4 **Q. DOES PSO'S REBUTTAL TESTIMONY DEMONSTRATE THAT THE**
5 **COMPANY'S REQUEST TO RECOVER THE SAME LEVEL OF NE 3 O&M**
6 **EXPENSE THAT WAS INCURRED DURING THE TEST YEAR WHEN THE**
7 **UNIT WAS BURNING COAL IS REASONABLE EVEN THOUGH NE 3 WAS**
8 **CONVERTED TO BURN NATURAL GAS IN JANUARY OF 2026?**

9 A. No. To his credit, PSO witness McMahon's rebuttal testimony does not dispute that NE
10 3 O&M expenses are likely to be lower as a result of the conversion from coal to natural
11 gas operations. However, Mr. McMahon does not present any adjustment to reflect the
12 obvious fact that coal plants have higher O&M expenses than natural gas-fired plants or
13 that NE 3's O&M expenses will be lower as a result of the unit converting from coal to
14 natural gas operations.
15

16 **Q. WHAT IS YOUR CONCLUSION REGARDING THE LACK OF ADJUSTMENTS**
17 **IN THE JOINT STIPULATION TO REFLECT THE CONVERSION OF NE 3 TO**
18 **NATURAL GAS?**

19 A. The Joint Stipulation does not address the reduced level of O&M resulting from the
20 conversion of NE 3 from coal to gas-fired operations in January of 2026 and therefore
21 would allow PSO to recover an unreasonably inflated level of O&M expense in its new
22 rates. This overstatement of NE 3 O&M expense is not just, reasonable or in the interest
23 of PSO's customers. OIEC would have addressed this issue had it been included in the

1 Joint Stipulation negotiations, and if reasonably resolved, could have reduced the \$72.6
2 million net revenue requirement under the Agreement by as much as \$11.4 million
3 (15.7%).
4

5 **III. THIRD PARTY TRANSMISSION CHARGES**

6
7 **Q. WHAT IS YOUR RECOMMENDATION REGARDING PSO'S REQUEST FOR A**
8 **PROFORMA ADJUSTMENT TO INCREASE THE LEVEL OF THIRD PARTY**
9 **TRANSMISSION CHARGES INCLUDED IN BASE RATES?**

10 A. PSO's 6 month update to its rate increase application included a proposed \$36.5 million
11 proforma increase to the actual incurred level of test year third party transmission charges.
12 My responsive testimony recommended that the Commission disallow this proforma
13 adjustment because PSO failed to support or demonstrate that the requested increase in
14 third party transmission charges was reasonable, prudent or consistent with the standard
15 ratemaking treatment that is applied to PSO's own transmission charges, which limits cost
16 recovery to actual costs of facilities placed in service as of the end of the 6-month post Test
17 Year period. In contrast, the majority of the third party transmission charges affected by
18 PSO's proforma adjustment are affiliate charges², which are based on projected charges
19 and include costs of projects that are not expected to be placed in service until after the end
20 of the 6-month post Test Year period. This means that PSO's proposed proforma
21 adjustment for third party transmission charges would provide for ratemaking treatment
22 that is inconsistent and more favorable to the Company than the ratemaking treatment that

² Source is PSO's response to OIEC 4B-15.

1 is allowed for costs incurred for PSO's own transmission assets. This preferential
2 ratemaking treatment of affiliate and other third party transmission costs is unjustified and
3 not in the public interest of PSO's customers.

4 **Q. DOES PSO'S REBUTTAL TESTIMONY DEMONSTRATE THAT ITS**
5 **PROFORMA ADJUSTMENT TO INCREASE THIRD PARTY TRANSMISSION**
6 **CHARGES BY \$36.5 MILLION IS REASONABLE?**

7 A. No.

8

9 **Q. WERE YOUR CONCERNS AND RECOMMENDED DISALLOWACE OF PSO'S**
10 **PROFORMA ADJUSTMENT FOR THIRD PARTY TRANSMISSION CHARGES**
11 **ADDRESSED BY THE JOINT STIPULATION OR TESTIMONY FILED IN**
12 **SUPPORT OF THE AGREEMENT?**

13 A. No.

14

15 **Q. WHAT IS YOUR CONCLUSION REGARDING THE LACK OF ADJUSTMENTS**
16 **IN THE JOINT STIPULATION TO ADDRESS PSO'S UNREASONABLE**
17 **PROFORMA ADJUSTMENT FOR THIRD PARTY TRANSMISSION CHARGES?**

18 A. The Joint Stipulation does not address PSO's unjustified \$36.5 million proforma increase
19 in third party transmission charges and therefore would result in an unjustified increase in
20 transmission O&M expense in PSO's base rates, which is not reasonable or in the public
21 interest of PSO's customers. The Company is not allowed to recover projected costs, or
22 costs for its own transmission projects that are placed in service after the 6-month post-
23 Test Year update period in base rates and should not be allowed to recover projected

transmission charges or costs for projects owned by affiliates that will not be in service until after the 6-month update period, in base rates. This issue would have been addressed by OIEC had it been included in the Joint Stipulation negotiations and, if reasonably resolved, could have reduced the \$72.6 million net revenue requirement under the Agreement by as much as \$36.5 million (50.3%).

IV. DISTRIBUTION RELIABILITY PROJECTS

Q. WHAT IS YOUR RECOMMENDATION REGARDING PSO'S REQUEST FOR RECOVERY OF COSTS FOR DISTRIBUTION RELIABILITY PROJECTS?

A. My responsive testimony recommends that the Commission disallow PSO's request for recovery of \$49.7 million of capital investment associated with three major reliability projects that the Company did not demonstrate to be prudent, cost-effective or otherwise beneficial to customers. For example, PSO's direct testimony included only two paragraphs in support of the prudence of capital investments for distribution reliability projects and that testimony did not address costs, benefits or expected reliability improvements of any specific distribution reliability projects.³ Moreover, in response to OIEC's request for details supporting the prudence of major distribution reliability projects, the Company provided only summary descriptions of the projects without any supporting cost/benefit analysis and indicated that the estimated O&M savings and reliability benefits of such projects are not quantifiable.⁴ Furthermore, PSO's policy for

³ See the Responsive Testimony of Scott Norwood, page 15.

⁴ Ibid.

1 approval of capital projects does not require or even mention the need for cost/benefit
2 analysis, reliability benefits estimates, O&M savings estimates, or other supporting
3 information to obtain approval of major distribution capital investments.⁵

4 **Q. DOES PSO'S REBUTTAL TESTIMONY DEMONSTRATE THAT ITS**
5 **PROPOSED RELIABILITY PROJECTS ARE JUSTIFIED OR LIKELY TO**
6 **PROVIDE RELIABILITY OR ECONOMIC BENEFITS TO CUSTOMERS?**

7 A. No.

8

9 **Q. WAS YOUR RECOMMENDED DISALLOWANCE OF PSO'S REQUEST TO**
10 **RECOVER COSTS OF THE THREE DISTRIBUTION RELIABILITY PROJECTS**
11 **ADDRESSED BY THE JOINT STIPULATION OR BY TESTIMONY FILED BY**
12 **THE STIPULATING PARTIES IN SUPPORT OF THE AGREEMENT?**

13 A. No.

14

15 **Q. WHAT IS YOUR CONCLUSION REGARDING THE LACK OF ADJUSTMENTS**
16 **IN THE JOINT STIPULATION TO ADDRESS PSO'S REQUEST TO RECOVER**
17 **COSTS OF UNJUSTIFIED DISTRIBUTION RELIABILITY PROJECTS?**

18 A. The Joint Stipulation does not address PSO's request for approval of \$49.7 million of
19 capital investment for three distribution reliability projects which the Company did not
20 demonstrate to be prudent, cost-effective or otherwise justified by reliability benefits. This
21 issue would have been addressed by OIEC had it been included in the Joint Stipulation

⁵ See the Responsive Testimony of Scott Norwood, page 16.

negotiations and, if reasonably resolved, could have reduced the \$72.6 million net revenue requirement under the Agreement by as much as \$4.6 million (6.3%).

V. SPPTC TRANSMISSION COST ("SPPTC") RIDER

Q. WHAT IS YOUR RECOMMENDATION REGARDING PSO'S REQUEST TO EXPAND ITS SPPTC RIDER TO INCLUDE ALL AFFILIATE TRANSMISSION CHARGES?

A. My responsive testimony recommends that the Commission disallow PSO's request to revise its SPPTC Rider to include all affiliate SPP transmission charges, because such charges are projected, include costs for assets that are not yet in-service, and have not been demonstrated to be reasonable, prudent, known and measurable, or consistent with the "lower of cost or market" standard that traditionally has been applied to affiliate transactions. My recommendation is consistent with the Commission's approved treatment of affiliate SPP transmission charges in PSO's last three rate cases and during 11 of the 14 years since the SPPTC Rider was first placed in effect.

Q. DID PSO'S REBUTTAL TESTIMONY DEMONSTRATE THAT ITS PROPOSAL TO INCLUDE ALL AFFILIATE CHARGES IN ITS SPPTC RIDER IS REASONABLE?

A. No.

1 Q. WERE YOUR CONCERNS AND RECOMMENDATION THAT PSO'S
2 PROPOSAL TO INCLUDE AFFILIATE TRANSMISSION CHARGES IN ITS
3 SPPTC RIDER ADDRESSED BY THE JOINT STIPULATION OR BY
4 TESTIMONY FILED IN SUPPORT OF THE AGREEMENT?

5 A. No.

6
7 Q. WHAT IS THE ESTIMATED IMPACT OF THE JOINT STIPULATION'S
8 PROVISION FOR ALL PSO AFFILIATE TRANSMISSION CHARGES TO BE
9 RECOVERED THROUGH PSO'S SPPTC RIDER?

10 A. The large majority of affiliate transmission charges to PSO are SPP Schedule 9, Network
11 Integration Transmission Service ("NITS") charges.⁶ As summarized in Table 1 below,
12 PSO forecasts that the increase in Schedule 9 affiliate transmission charges that would be
13 recoverable under PSO's proposed expansion of the SPPTC Rider would total
14 approximately \$186.5 million over the next three years. If this forecasted increase in
15 Schedule 9 affiliate charges occurs, and assuming PSO does not change its base rates
16 during the next three years, the increase in affiliate transmission charges recovered through
17 PSO's proposed expanded SPPTC Rider would offset much if not all of the negotiated
18 \$159.8 million⁷ reduction from PSO's filed rebuttal revenue deficiency as reflected on page
19 2 of the Joint Stipulation.

20
21 Table 1

⁶ Source is PSO's response to OIEC 4B-15.
⁷ Referenced negotiated reduction is calculated as \$606.9 million rebuttal revenue deficiency minus \$447.1 million proposed settlement deficiency as presented in the table on page 2 of the Joint Stipulation.

1	Impact of Including Affiliate Costs in SPPTC Rider ⁸			
2	(\$Millions)			
3		<u>Forecasted Affiliate</u>	<u>Increased Recovery</u>	<u>Increased Recovery</u>
		<u>Sched 9 Charges</u>	<u>Proposed SPP Rider</u>	<u>with Existing SPPTC</u>
	2026	\$244.3		
	2027	\$293.6	\$49.3	\$0.0
	2028	\$346.8	\$53.2	\$0.0
	2029	<u>\$430.8</u>	<u>\$84.0</u>	<u>\$0.0</u>
4	Total 2027-2029	\$1,071.2	\$186.5	\$0.0
5				

6 Q. WHAT IS YOUR CONCLUSION REGARDING THE JOINT STIPULATION'S
7 ADOPTION OF PSO'S PROPOSAL TO EXPAND THE SPPTC RIDER TO
8 INCLUDE ALL AFFILIATE CHARGES?

9 A. The Joint Stipulation adopts PSO's proposal to include all affiliate charges in the
10 Company's SPPTC Rider. This provision of the Joint Stipulation is not just, reasonable or
11 in the public interest and would allow PSO to recover very large, forecasted increases in
12 affiliate transmission charges without any regulatory lag, without filing a base rate case
13 and without the normal prudence review process that is required for recovery of costs of
14 the Company's own transmission projects. By allowing recovery of the \$186.5 million
15 of affiliate transmission charge increases that are forecasted over the next three years, this
16 proposed provision of the Joint Stipulation would eliminate most, if not all, of the
17 negotiated cost reductions summarized on page 2 of the Agreement. OIEC strongly
18 opposes this provision of the Joint Stipulation. Had OIEC been included in the Joint
19 Stipulation negotiations, it would not have agreed to PSO's proposed expansion of the
20 SPPTC Rider.

⁸ Source is PSO's response to AG 21-12.

1

2

VI. GEAR RIDER REVISIONS

3

4 **Q. WHAT IS YOUR RECOMMENDATION REGARDING PSO'S INITIAL**
5 **REQUEST TO EXTEND AND EXPAND THE \$6 MILLION ANNUAL COST**
6 **RECOVERY CAP OF ITS GEAR RIDER?**

7 A. My responsive testimony recommends that the Commission disallow PSO's proposed
8 revisions to extend the existing term of the GEAR Rider and to increase the annual cost
9 recovery cap of the rider from \$6 million per year to \$12 million per year. My
10 recommendations to disallow PSO's proposed modifications to the GEAR Rider are based
11 on the fact that the Company has not demonstrated that the GEAR projects are cost-
12 effective, likely to materially improved PSO's system reliability, or otherwise beneficial to
13 customers.

14

15 **Q. DOES PSO'S REBUTTAL TESTIMONY DEMONSTRATE THAT ITS**
16 **PROPOSAL TO EXTEND AND EXPAND THE COST CAP OF THE EXISTING**
17 **GEAR RIDER IS JUSTIFIED?**

18 A. No.

19

20 **Q. ARE YOUR CONCERNS REGARDING PSO'S PROPOSED MODIFICATIONS**
21 **TO THE GEAR RIDER ADDRESSED BY THE JOINT STIPULATION?**

22 A. No. The Joint Stipulation provides for the existing GEAR Rider sunset date (July 1, 2027)
23 to be extended until December 31, 2029 with cost recovery through the rider capped at the

existing level of \$6 million per year. While this is an improvement from PSO's original filed proposal, this provision would allow the Company to continue investing in GEAR projects which have not provided benefits to customers, for an additional two and a half years, and to obtain rider recovery up to \$6 million per year for such projects without regulatory lag. This proposed treatment is not reasonable or otherwise in the interest of PSO's customers.

Q. WHAT IS THE ESTIMATED IMPACT OF THE JOINT STIPULATION'S PROVISION TO EXTEND THE GEAR RIDER THROUGH 2029?

A. The provision to extend the GEAR Rider through 2029 would increase costs that would be recoverable outside of base rates by approximately \$15 million over the 30 months that the rider would remain in effect beyond the existing July 1, 2027 sunset date.

Q. WHAT IS YOUR CONCLUSION REGARDING THE JOINT STIPULATION'S PROVISION TO EXTEND THE EXISTING GEAR RIDER THROUGH 2029 AND TO CONTINUE THE EXISTING \$6 MILLION PER YEAR COST CAP?

A. The Joint Stipulation provision which extends the GEAR Rider through 2029 is not justified or in the public interest of PSO's customers. OIEC has consistently opposed riders which are unjustified and contribute to undesirable piecemeal ratemaking and OIEC would have opposed the extension of PSO's GEAR Rider had it been included in the Joint Stipulation negotiations.

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY ON THE JOINT STIPULATION?

2 A. Yes.

3

CERTIFICATE OF SERVICE

This is to certify that on the 30th day of June, 2026, a true and correct copy of the above and foregoing document was served electronically on the parties that are listed on the Commission's Electronic Service List.



Thomas P. Schroedter

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE COMPANY)
OF OKLAHOMA, AN OKLAHOMA)
CORPORATION, FOR AN ADJUSTMENT IN ITS)
RATES AND CHARGES AND THE ELECTRIC)
SERVICE RULES, REGULATIONS AND)
CONDITIONS OF SERVICE FOR ELECTRIC)
SERVICE IN THE STATE OF OKLAHOMA AND TO)
APPROVE VARIOUS COST RECOVERY)
MECHANISMS AND TARIFFS)

CASE NO. PUD 2025-000075

**TESTIMONY AND EXHIBITS IN OPPOSITION
TO NONUNANIMOUS SETTLEMENT AGREEMENT**

OF

MARK E. GARRETT

ON BEHALF OF

OKLAHOMA INDUSTRIAL ENERGY CONSUMERS ("OIEC")

June 30, 2026

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I. WITNESS IDENTIFICATION AND PURPOSE OF TESTIMONY

1 **Q: PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A: My name is Mark E. Garrett. My business address is 4028 Oakdale Farm Circle,
3 Edmond, Oklahoma 73013.

4
5 **Q: HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS CASE?**

6 A: Yes. I filed Revenue Requirement Testimony on May 1, 2026, Rate Design Testimony
7 on May 15, 2026, and Rebuttal Testimony on May 29, 2026. My qualifications were
8 filed with my Revenue Requirement Testimony.

9
10 **Q: ON WHOSE BEHALF ARE YOU APPEARING IN THESE PROCEEDINGS?**

11 A: I am appearing on behalf of Oklahoma Industrial Energy Consumers ("OIEC").
12

13 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

14 A: The purpose of my Settlement Testimony is twofold. First, I describe the non-
15 unanimous settlement agreement ("Settlement Agreement"), entered into by Public
16 Service Company of Oklahoma ("PSO"), the Oklahoma Attorney General ("AG"), the
17 Public Utility Division Staff ("Staff"), the American Association of Retired People
18 ("AARP") and the Petroleum Alliance ("PAO"), collectively (the "Stipulating Parties").
19 I explain why the negotiation process was unfair, and why the nonunanimous Settlement
20 Agreement is *not in the public interest*. For these reasons, I recommend that the
21 Settlement Agreement should be rejected, or substantially modified, by the Commission.

II. SUMMARY OF TESTIMONY

1 Q: PLEASE PROVIDE A SUMMARY OF YOUR TESTIMONY.

2 A: My testimony explains that the settlement process excluded several important customers
3 and customer groups from the ongoing negotiations that resulted in the final Settlement
4 Agreement that is presented for the Commission's approval. In his testimony in support
5 of the Settlement Agreement, Company witness Matthew Horeled states:

6 The PUD, AG, AARP, Wal-Mart, OIEC, PAO, DOD/FEA, Google
7 and DCC engaged in negotiations. Although resolution of the case
8 was not reached by all parties, PSO and PUD decided to continue
9 discussions hoping to reach a settlement agreement that would either
10 be joined, or not objected to, by the other parties. These discussions
11 continued and included various discussions between representatives
12 of the AG, PAO, AARP, and OIEC that eventually led to the filing
13 of the Joint Stipulation on June 26, 2026.¹

14 This statement, like much of the support for this unconscionable Settlement Agreement,
15 is based on misleading half-truths. Although OIEC participated in the brief initial
16 Settlement Conference on June 3, 2026, it was never included in any discussions with
17 the settling parties thereafter until it was notified that PSO, Staff, and the AG had
18 reached an agreement. The parties that did not sign this Settlement Agreement are OIEC,
19 Walmart, and DOD. These stakeholders represent important segments of our state's
20 economy. They intervened in this proceeding at considerable expense, only to be
21 blindsided by one-sided negotiations and deal-making between the utility and the state's
22 bureaucratic agencies—the Commission Staff and the AG. This type of "cram-down" by
23 a monopoly utility is highly inappropriate in what should be an equitable process for all
24 stakeholders, most especially captive customers. Stakeholders are entitled to a

¹ Settlement Testimony of Matthew A. Horeled, p. 2, line 15—p. 3, line 3.

1 transparent process—and that did not happen in this case.

2 My testimony outlines key adjustments proposed by OIEC and other customers,
3 which follow long-standing *Commission precedent* on standard ratemaking issues. The
4 Settlement Agreement results in an excessive rate increase because it omits these
5 important adjustments. An excessive rate increase for the monopoly utility, resulting in a
6 **96% increase** for industrial customers, is not in the public interest. It would have a
7 **devastating impact** on Oklahoma's industrial and commercial customers, which are vital
8 to the state's stability, economic development, and job retention.

9 Section III provides an overview of the proposed Settlement Agreement terms.
10 Section IV describes the important cost-mitigating adjustments that the Stipulating
11 Parties omitted from the Settlement Agreement. Section V addresses Transmission Cost
12 Allocation changes, and Section VI addresses Wind and Solar Generation. Section VII
13 presents the skewed results that the proposed allocation changes would produce and
14 shows the **detrimental impact** of these changes to Oklahoma's job providers and
15 economy. Finally, Section VIII describes my recommendation for adjustments the
16 Commission should incorporate to modify the flawed Settlement Agreement.

17 **III. TERMS OF THE NON-UNANIMOUS SETTLEMENT AGREEMENT**

18 **Q: WHAT IS THE REVENUE REQUIREMENT PROPOSED IN THE
19 SETTLEMENT AGREEMENT?**

20 **A:** The Settlement Agreement sets forth a base rate increase of **\$447.1 million**, the largest
rate increase ever proposed to my knowledge, along with expanding and extending

1 PSO's riders that will increase this amount even further. The revenue requirement
2 components of the Settlement Agreement are set forth in the table below:

Table 1: Summary of Terms of Non-Unanimous Settlement Agreement		
Description	Amount	Base Rate
PSO's Filed Base Revenue Deficiency	\$ 597.2	53%
Total Six Month Post Test Year Adjustment	15.9	
PSO's Additional Rebuttal Adjustments	(6.2)	
PSO Filed Rebuttal Revenue Deficiency	\$ 606.9	54%
Part 1 - Proposed Settlement Agreement Terms:		
Cash Working Capital	\$ 0.4	
Weighted Average Cost of Capital and ROE	(39.30)	
[ROE: 9.375%] [49.85% Debt - 50.15% Equity]		
Incentive Expense	(7.40)	
Storm Amortization	(22.80)	
Annual Storm Increase	(37.20)	
Income Taxes	(12.50)	
Factoring	(0.10)	
Factoring on Revenue Deficiency	(1.10)	
Depreciation and Amortization Expense	(32.30)	
Payroll Tax Expense	(0.60)	
Payroll Normalization	(1.60)	
AEPSC Adjustment (including Payroll)	(2.10)	
PBA Deferral Amortization to three years	(2.30)	
Chamber of Commerce Dues	(0.10)	
Pension Expense (SERP & Pension Settlement)	(0.80)	
PSO Proposed Settlement Revenue Deficiency - Gross	\$ 447.1	39%
Part 2 - Offsets/Riders:		
Offsets (Rolled in Riders)	\$ (236.7)	
Offsets (New PTCs)	(32.3)	
PTCs Realized in FAC	(29.5)	
Deferred Tax Liabilities Offset (Tax Change Rider) EDIT	(76.0)	
Total Offsets/Riders	\$ (374.5)	
PSO Proposed Settlement Revenue Deficiency - Net	\$ 72.6	

3 As shown in Table 1 above, the Settlement Agreement shows a base rate increase of
4 **\$447.1 million, a shocking 39% base rate increase.** From this increase, several rider
5 reclassifications (**\$374.5 million**) are shown as offsetting adjustments to arrive at a Net
6 Revenue Deficiency of **\$72.6 million**. This presentation is misleading because it makes
7 it appear that the Company has made significant downward movement from its filed

position, when in fact, there is very little downward movement at all. Instead, the Settlement Agreement is largely based on reclassifying offsets that do not actually reduce the amounts recovered from customers. For example, the \$236.7 million “offset” shown above refers to rate increases imposed on customers through riders since the last rate case. Thus, the \$236.7 million is not an offset at all—it does not reduce the actual burden on ratepayers. Similarly, the \$76 million “offset” for deferred tax liabilities is also not a true offset of the rate increase. Instead, the \$76 million deferred tax refund is just ratepayer money held by PSO that is required to be refunded to ratepayers. It is misleading to tout this as an offset to the base rate increase or as a concession by PSO. Finally, the Settlement Agreement also includes a handful of insufficient revenue requirement adjustments which fall short of this Commission’s standard, long-established regulatory policies. The Settlement Agreement omits key customer protections, and as a result, provides PSO an enormous windfall at customers’ expense.

Q: DOES THE PRESENTATION OF THE SETTLEMENT AGREEMENT PROVIDE THE COMMISSION ACCURATE INFORMATION ABOUT THE MAGNITUDE OF RATE INCREASES FOR CUSTOMERS?

A: No. Because the Settlement Agreement depicts rider reclassifications as “offsets,” and glosses over the actual rate impacts of ongoing riders that PSO will receive, the Stipulating Parties have not provided the Commission an accurate picture of the magnitude of the rate increases that will occur as a result of the Settlement Agreement, as proposed. The actual 3-year impacts of the Settlement Agreement are set forth in the table below:

Table 2: Actual 3-Year Rate Impacts from Proposed Settlement Agreement				
(\$Millions)				
Description	Year 1	Year 2	Year 3	
Settlement Agreement Stated Increase (5%)	\$72.6	\$72.6	\$72.6	
SPP Rider (approximately \$40M per year)	\$40	\$80	\$120	
GEAR Rider (approximately \$6M per year)	\$6	\$12	\$18	
Vegetation Management Reg Asset			\$17	
EDIT Tax Refund Amortization (expiring in 2 Years)			\$76	
Total Rate Increase	\$119	\$165	\$304	
Percentage Rate Increase per Year ¹	8.2%	11.3%	20.9%	
Conclusion:				
As a result of the Settlement, rates will increase <i>substantially</i> each year. By 2028, ratepayers will pay rates that are \$304 million higher than they are today, an <i>additional 21%</i> increase over currently approved total rates, not 5%.				
† Calculations based on Settlement Agreement stating \$72.6 = 5% of Current Total Bill Revenues.				

1 Q: WHY DO YOU BELIEVE THE SETTLEMENT AGREEMENT IS
2 INADEQUATE AND CONTRARY TO THE PUBLIC INTEREST?

3 A: First, as demonstrated above, the testimony in support of the Settlement Agreement
4 misstates the negotiation process as well as the actual rate increases that customers will
5 receive if this Settlement Agreement is approved. Because the Company engaged in
6 partial-party negotiations that excluded key customer groups, the resulting agreement
7 unfairly omits important adjustments proposed by OIEC and other parties. These
8 adjustments are based on prior Commission orders, precedent or traditional ratemaking
9 methodologies accepted by this Commission on numerous occasions. Moreover, the
10 Company made no meaningful concessions in the Settlement Agreement. Instead, the
11 Settlement Agreement is made up of (1) rider reclassifications and offsets, (2) refunding

1 money already owed to ratepayers, and (3) an insignificant handful of adjustments that
2 are routinely and consistently ordered by the Commission. The reason the utility made
3 no meaningful concessions in the Settlement Agreement is that no customer party was
4 included in the negotiation of the Settlement Agreement presented for approval. In other
5 words, there were no customer voices to point out these glaring deficiencies. At least
6 one of the two customer-parties signing on to the Settlement Agreement—AARP—
7 signed on to the Settlement Agreement *after* the agreement between PSO, Staff, and the
8 AG was circulated, and thus this customer representatives had no input into the terms of
9 the agreement. Moreover, neither of the two customer-parties signing the Settlement
10 Agreement—AARP and the Petroleum Alliance—addressed revenue requirement issues
11 in their intervention. In short, the revenue requirement terms in the nonunanimous
12 Settlement Agreement were decided without customer involvement. This, on its own, is
13 sufficient grounds for rejection.

14
15 **Q: WHAT CONCESSIONS DID PSO MAKE IN THE SETTLEMENT**
16 **AGREEMENT?**

17 **A:** The Company made only one concession, and it is a small one. The Company agreed to
18 an **ROE of 9.375%**, which is slightly lower than the 9.5% currently approved. The
19 revenue requirement impact from this slight move is only about \$5.8 million. This is
20 tiny in comparison to the \$447.1 million increase proposed in the Settlement Agreement.
21 It represents about a **1.3%** reduction of the overall increase. In other words, all that the
22 Stipulating Parties required from PSO was a 1.3% (\$5.8 million) reduction in its ROE.

1 **Q: WHAT WERE THE REST OF THE ADJUSTMENTS IN THE AGREEMENT?**

2 A: Smoke and mirrors, with very little in the way of customer benefits. For example, the
3 Storm adjustments merely shift costs from base rates to riders; the Payroll adjustments
4 are standard year-end normalization adjustments routinely ordered by the Commission in
5 rate cases; the Incentive Compensation adjustment is smaller than the standard
6 adjustment the Commission has ordered for more than 35 years; the Depreciation
7 adjustment largely preserves rates already approved in the last rate case; the SERP and
8 Chamber of Commerce Dues adjustments are standard, immaterial adjustments routinely
9 ordered by the Commission; the Cash Working Capital and Factoring adjustments
10 simply flow from the overall revenue requirement change; and the Deferred Tax
11 Liability Offset reflects prepaid taxes that must be refunded to ratepayers in any event. In
12 other words, ratepayer money is being used to make the Settlement Agreement appear
13 more favorable than it is. The purported customer benefits are therefore largely illusory
14 and result in a substantial windfall for PSO at customers' expense.

15
16 **Q: IS THE SETTLEMENT AGREEMENT BASE RATE INCREASE HIGHER**
17 **THAN THE INCREASE RECOMMENDED BY THE ATTORNEY GENERAL?**

18 A: Yes. In responsive testimony, the AG recommends a base rate increase of \$401.0
19 million, which is \$46 million lower than the \$447.1 million agreed to in the Stipulation.²

20 **Q: IS THE SETTLEMENT AGREEMENT BASE RATE INCREASE HIGHER**
21 **THAN THE INCREASE RECOMMENDED BY PUD?**

² See Settlement Testimony of Matthew A.; Horeled at page 2, Table 1.

1 A. Yes. In responsive testimony, PUD recommends a base rate increase of \$369.1 million,
2 which is approximately \$80 million lower than the \$447.1 million agreed to in the
3 Stipulation.³
4

5 **Q: IS THE SETTLEMENT AGREEMENT IN THE PUBLIC INTEREST?**

6 A: Certainly not. An agreement negotiated solely by governmental agencies and the
7 monopoly utility (and opposed by key customer groups) cannot be construed as in the
8 public interest. In effect, the conduct of the Stipulating Parties indicates that the
9 *government* will decide your utility rates and you will have no meaningful input in the
10 process.
11

12 **Q: ARE THERE DUE PROCESS CONCERNS WITH THIS AGREEMENT?**

13 A: Yes. The Settlement Agreement ignores virtually all of the revenue requirement
14 testimony of the customers. Moreover, no customer intervener that filed revenue
15 requirement testimony was even included in the negotiations.
16

17 **Q: WILL THIS SETTLEMENT AGREEMENT RESULT IN JUST AND**
18 **REASONABLE RATES?**

19 A: No. The Settlement Agreement will not result in *just and reasonable* rates because
20 numerous material adjustments are being ignored by the Stipulating Parties. Most of
21 these adjustments have either been previously ordered by the Commission or are
22 routinely approved regulatory adjustments. In the section below, I provide an overview

³ See Settlement Testimony of Matthew A.; Horeled at page 2, Table 1.
Settlement Testimony of Mark E. Garrett
Cause No. PUD 2025-000075

1 of each proposed adjustment. I recommend that the Commission, at a minimum,
2 incorporate several of these adjustments to further reduce the \$72 million proposed rate
3 increase.

4

IV. **KEY ADJUSTMENTS OMITTED FROM THE SETTLEMENT AGREEMENT**

5 **Q: WHAT ADJUSTMENTS HAVE BEEN OMITTED FROM THE SETTLEMENT**
6 **AGREEMENT THAT COULD REDUCE PSO'S REVENUE REQUIREMENT**
7 **TO A MORE REASONABLE LEVEL?**

8 A: Numerous fundamentally-sound ratemaking adjustments designed to protect customers
9 and prevent excessive rate increases were omitted, as summarized in Table 3 below:

Table 3: Summary of OIEC-Proposed Modifying Adjustments	
Description	Amount
PSO Proposed Settlement Revenue Deficiency	\$ 72.6
<u>Rate Base Adjustments</u>	
NOLC Recalculation	\$ (23.1)
Distribution Reliability Projects	\$ (4.6)
Off-System Trading Deposits	\$ (2.5)
<u>Cost of Capital Adjustments</u>	
ROE	\$ -
Capital Structure	\$ (28.6)
<u>Operating Expenses</u>	
NE 3 Non-Fuel O&M Expense	\$ (11.4)
SPP Affiliate Transmission Costs	\$ (36.5)
Depreciation and Amortization Rate Adj.	\$ (13.4)
D&O Insurance, Investor Relations and Industry Dues with Direct Shareholder Benefits - 50% Sharing	\$ (0.5)
Total Recommended Modifying Adjustments	\$ (120.6)
OIEC Proposed Revenue Excess	\$ (48.0)

1 As shown in Table 3 above, the Settlement Agreement omits \$120.6 million in
 2 important cost-reducing adjustments. Many of these adjustments are based on prior
 3 Commission decisions, or on standard ratemaking adjustments adopted by this and other
 4 commissions on a routine basis. Each of these proposed adjustments is discussed in the
 5 section below.

a. Rate Base Adjustments

1. NOLC Recalculation

1 Q: PLEASE DESCRIBE THE ISSUE WITH THE NOLC RECALCULATION.

2 A: In my direct testimony, I explain that in calculating the NOLC, only the amount
3 attributable to accelerated depreciation may be included in rate base under normalization
4 principles. PSO uses a "with and without" methodology that attributes approximately
5 84% of the NOLC to accelerated depreciation; this approach substantially overstates the
6 balance. Accelerated depreciation accounted for only about 10% of total tax deductions
7 during the years in which the losses were generated, thereby supporting a Proportional
8 Ratio Methodology that allocates the NOLC based on the relationship between
9 accelerated depreciation deductions and total tax deductions. I cite Revenue Procedure
10 2020-39 and the Commission's prior correspondence with the IRS as support for the use
11 of the Proportional Ratio Methodology.

12 Staff and the AG both supported using the Proportional Ratio Methodology for
13 calculating the NOLC in their responsive testimony. They did so because this was the
14 direction set forth by this Commission in its correspondence with the IRS.

15 It is also worth saying that, by law, utility rates in Oklahoma must be based on
16 the *lowest reasonable cost*. The "with and without" method preferred by the utility
17 results in the *highest cost* possible. Thus, under Oklahoma law and prior Commission
18 decisions, the Proportional Ratio Methodology must be used.

19 PSO's "with and without" approach overstates the deferred tax asset in rate base
20 by approximately \$247.6 million and increases annual revenue requirements by
21 approximately \$23.1 million.

2. Distribution Reliability Projects

1 **Q: PLEASE DISCUSS THE DISTRIBUTION RELIABILITY PROJECTS.**

2 A: Mr. Scott Norwood addresses the Distribution Reliability projects in his responsive
3 testimony. He points out that PSO failed to provide information necessary to
4 demonstrate the prudence of major distribution reliability investments for which it is
5 requesting approval and cost recovery in this case. Accordingly, He recommends that
6 the Commission reject PSO's request for approval of \$49.75 million in capital
7 investment associated with three major reliability projects, for which the Company has
8 not demonstrated prudence.

3. Off-System Trading Deposits

9 **Q: WHAT IS THE ISSUE WITH THE OFF-SYSTEM TRADING DEPOSITS?**

10 A: In my responsive testimony, I testify that Customer deposits are a source of customer-
11 supplied capital that reduce rate base. PSO used a 13-month average of customer
12 deposits, which is inappropriate when there is a significant upward trend. During the test
13 year, customer deposits increased substantially, largely due to new data-center activity.
14 As such, the ending balance more accurately reflects the customer-supplied capital
15 available to the Company. Accordingly, the Company's 13-month average should be
16 replaced with the customer deposit balance at the end of the six-month post-test year
17 adjustment period, resulting in a reduction to rate base of approximately \$26.7 million,
18 with a \$2.5 million impact on the revenue requirement. This adjustment should have
19 been included in the Settlement Agreement because it is a standard methodology utilized

1 in virtually every jurisdiction, including Oklahoma. Moreover, the AG proposed this
2 precise adjustment in its responsive testimony.

b. Cost of Capital Adjustments

1. Recommended ROE

3 **Q: IS A ROE OF 9.375% AS PROPOSED IN THE SETTLEMENT AGREEMENT**
4 **APPROPRIATE IN THIS CASE?**

5 A: It depends on the Commission's modifications to other terms of the agreement. PSO's
6 current approved ROE is 9.5%. In its application in this case PSO sought to increase its
7 ROE to 10.5%. In responsive testimony, Mr. David Garrett recommended an ROE of
8 8.3% for PSO. This recommendation was based upon, among other things, recent
9 changes resulting from the passage of SB 998 *which significantly lowers the utility's*
10 *risk*. As such, the Stipulating Parties included one minor concession for PSO, which was
11 to lower its ROE from the current 9.5% to 9.375%. As a settlement position, this could
12 be considered reasonable, but only if the Settlement Agreement also included a more
13 reasonable capital structure that is in line with PSO's proxy group.

2. Capital Structure

14 **Q: WHAT IS THE ISSUE WITH THE CAPITAL STRUCTURE?**

15 A: In responsive testimony, Mr. David Garrett testified that it was inappropriate to develop
16 an ROE based on a proxy group with a 43% equity structure and then ignore that
17 structure in final cost of capital recommendations. In the Settlement Agreement, the
18 Stipulating Parties include one concession, which was moving the ROE from 9.5% to
19 9.375%. Along with that ROE concession, however, the parties also include PSO's
20 actual capital structure rather the capital structure of the proxy group. Mr. David Garrett

1 further points out that his 43% equity recommendation is also based on AEP's
2 consolidated capital structure, which is 42% equity. Thus, the proxy group and the
3 parent company both support a 43% equity recommendation. In his responsive
4 testimony, Mr. Garrett provides further discussion of this issue and why it would be
5 appropriate for the Commission to include an additional capital structure adjustment in
6 its final decision in this case.

7 Across the country, the capital structures of regulated utilities are becoming a
8 growing area of concern. On April 29, 2026, Pennsylvania Governor Josh Shapiro
9 addressed an open letter to Utility Leaders in his state about the excessive costs
10 associated with, among other issues, the **capital structure** problem. The letter states:

11 First, utilities should seek to raise the most cost-effective forms of capital.
12 Best practices now require you to protect consumers by disfavoring
13 expensive equity when lower-cost debt is available. Given the low risk
14 profile of monopolistic utilities, which maintain a captive rate base able to
15 repay obligations over time, consumers should not be expected to bolster
16 corporate profits through over reliance on costly equity. This means debt
17 should normally represent a clear majority of a utility's proposed
18 ratemaking capital structure, as it does in many other lower-risk
19 industries. As one measure of this approach, any equity share proposed
20 in a rate case in excess of the amount of equity employed by the utility's
21 parent holding company will require extraordinary justification to receive
22 my Administration's support.⁴

23 It is interesting to note that Governor Shapiro explicitly endorses the use of the
24 consolidated structure for ratemaking purposes, as Mr. David Garrett recommended. I
25 recommend that the Commission at least consider a move in that direction in this case.

c. **Operating Expense Adjustments**

1. **Northeastern 3 Non-Fuel O&M Expense**

⁴ See Letter from Governor Josh Shapiro (April 29, 2026)(emphasis added), Settlement Exhibit MG-1.

1 Q: PLEASE DESCRIBE THE ISSUE WITH RESPECT TO NORTHEASTERN 3
2 O&M EXPENSE.

3 A: In the responsive testimony of Mr. Scott Norwood, he addresses the decrease in O&M
4 expense that will occur after NE 3 was converted from coal to natural gas in January
5 2026 (which is within the 6-month post-test year cutoff period). The O&M costs for
6 coal-fired units are much higher than those for gas-fired units due to the costs of coal-
7 handling and processing facilities, combustion by-products, higher boiler maintenance
8 costs, and maintaining environmental control systems. He recommends that PSO's non-
9 fuel O&M expenses be reduced by \$11.4 million to account for the non-fuel O&M
10 savings that should result from the conversion of NE 3 from coal to natural gas at the end
11 of 2025. His recommended adjustment is based on the difference between average per
12 unit O&M costs of NE 3 and PSO's NE 1 & 2 and Riverside 1 and 2 gas units over the
13 last three years (2023-2025). This is a basic, identifiable *known and measurable*
14 change—the kind accepted in virtually every jurisdiction—that should have been
15 included in the Settlement Agreement.

16 2. SPP Affiliate Transmission Costs

17 Q: PLEASE DISCUSS THE SPP AFFILIATE TRANSMISSION COSTS.

18 A: In his responsive testimony, Mr. Norwood explains that PSO failed to support or
19 demonstrate that its requested affiliate transmission charges are reasonable, prudent or
20 meet the *lower of cost or market standard* for affiliate transactions. The requested
21 affiliate charges are based on *projected rates* over a *projected* rate year period, which is
22 inconsistent with the historical test year adjusted for known and measurable changes

1 standard that is applied to the Company's own transmission investments and expenses.
2 For these reasons, Mr. Norwood recommended that the Commission reject PSO's
3 requested \$36,549,262 increase in third-party transmission charges.

4 Mr. Norwood is correct. Including the costs of projected projects in rates is
5 unlawful in Oklahoma. Only costs that are used and useful at the time of the inquiry can
6 be included in rates, according to the Oklahoma Supreme Court. The only exception is
7 the CWIP on gas plants allowed by legislation.

3. Depreciation and Amortization Expense

8 **Q: PLEASE DESCRIBE THE ISSUE WITH DEPRECIATION AND**
9 **AMORTIZATION EXPENSE.**

10 A: The Depreciation and Amortization expense adjustment accepted in the Settlement
11 Agreement includes a 7.5-year amortization of Software costs. Mr. David Garrett
12 recommended a 10-year amortization of these costs, which is the amortization period
13 approved by this Commission on multiple occasions, and the AG supported that
14 recommendation. The difference between the adjustment accepted in the Settlement
15 Agreement and David Garrett's recommended adjustment is approximately \$13.4
16 million. Of this amount, approximately \$11 million is related to the 10-year
17 amortization period for software that has been consistently utilized by this Commission.⁵
18 At a minimum, ratepayers should have received an \$11 million reduction in the
19 Settlement Agreement.
20

⁵ See WP MG 2.9 Depreciation Rates which shows the adjustment to move from the Company's proposed 5-year period to a 10-year period would be \$22.034 million. Half of this amount would be the amount needed to move from a 7.5-year period to a 10-year period, or \$11 million.

1 **4. Corporate Governance Expenses – 50% Sharing**

2 **Q: WHAT IS THE ISSUE WITH RESPECT TO CORPORATE GOVERNANCE**
3 **EXPENSES?**

4 A: OIEC witness Meredith Gunner proposed adjustments for Directors' and Officers'
5 Insurance expense, Investor Relations costs, and Industry Dues. She points out that
6 shareholders receive direct benefit from these costs and ratepayers receive an indirect
7 benefit, in any. She recommends that these costs be shared 50%-50% with shareholders.
8 This is a fair, reasonable, and well-accepted adjustment in many jurisdictions. It should
9 have at least been considered here. The impact of these adjustments is approximately
10 \$500 thousand.

11 **V. TRANSMISSION COST ALLOCATION**

12 **Q: WHAT IS THE ISSUE WITH TRANSMISSION COST ALLOCATION?**

13 A: It appears that in order to get AARP to join in support of the Settlement Agreement, the
14 Stipulating Parties agreed to change the longstanding 30-year allocation of transmission
15 costs from a 4CP allocation to a 12CP allocation in order to push substantial costs onto
16 the manufacturing classes. This change shifts approximately \$16 million into industrial
17 rates. A cost shift of this magnitude will result in higher prices, job losses in Oklahoma,
18 or both. These higher prices will quickly erode any rate shifts to other classes. The
19 better approach would be to have real cost reductions absorbed by PSO, not other
20 customers.

21 In my responsive and rebuttal testimony, I present the following reasons why this
change will not result in *just and reasonable* rates and why it is not in the public interest.

1 1. This change has been litigated and rejected by this Commission on at
2 least 3 separate occasions: PUD 201500208, PUD 201700151, and PUD 2022-000093.

3 2. PSO is clearly a summer peaking system.

<u>Month</u>	<u>CP</u>
Jan-25	3,108
Feb-25	2,874
Mar-25	2,541
Apr-25	2,517
May-25	3,235
Jun-25	4,179
Jul-25	4,459
Aug-24	4,459
Sep-24	4,135
Oct-24	2,511
Nov-24	2,108
Dec-24	2,784

4 3. Texas allocates transmission costs on a 4CP basis and has repeatedly
5 rejected attempts by AEP-SWEPCO to change to a 12CP method—because SWEPCO is
6 a summer-peaking system as well.

7 4. Staff has long supported a 4CP allocation. Even in PSO’s most recent
8 case, Staff witness David Scalf again rejected PSO’s request to change to a 12CP
9 method. Mr. Scalf stated, “[I]t is PUD’s opinion that consistent with Commission Order
10 No. 738266, transmission costs should be allocated on the 4CP A&E methodology. In
11 the short time since the last PSO order was issued, nothing has changed that would lead
12 PUD to recommend a different allocator than previously authorized by this order.”

13 5. DOD/FEA witness Dr. Blank testified that SPP’s 12CP billing is a
14 wholesale cost assignment mechanism, not retail cost causation. Dr. Blank explained that
15 SPP allocates charges among transmission customers under its tariff, while the OCC
16 allocates PSO’s retail revenue requirement among customer classes based on cost

1 causation, fairness, and Oklahoma precedent.⁶

2 6. The fact that the SPP allocates *wholesale* transmission costs in the RTO—
3 that stretches from Texas to North Dakota—on a 12CP basis is not relevant to how *retail*
4 transmission costs should be allocated on the PSO system.

5 **VI. WIND AND SOLAR GENERATION COST ALLOCATION**

6 **Q: WHAT IS THE ISSUE WITH TRANSMISSION WIND AND SOLAR
7 GENERATION ALLOCATION?**

8 A: Again, it appears that in order to get AARP to join in the Settlement Agreement, the
9 Stipulating Parties agreed to change the longstanding 18-year allocation of wind costs
10 from a 4CP allocation to a mixed allocation based on 85% energy, in order to push
11 substantial costs on to the manufacturing classes. This change shifts an additional \$35
12 million into the industrial classes. A cost shift of this magnitude is irresponsible. It will
13 likely result in higher prices and job losses in the state. Although these losses may not
14 directly impact state employees, utility personnel or retired persons, it should concern
15 these parties that the state's economy in general will suffer as a result of this
16 irresponsible inter-class subsidy.

17 Moreover, a cost-of-service allocation change of this magnitude cannot be made
18 based on an agreement of several parties not impacted by the change. This type of
19 seismic change should result from a thorough investigation, either through careful and
20 comprehensive litigation or through an investigation docket. It should not be thrown in
as a bargaining chip to gain support for a weak partial-party settlement.

⁶ Blank Rebuttal, Entry No. 496, p. 11 / OCC p. 13 of 28.

1 In my rebuttal testimony, I point out that many of the renewable projects
2 previously approved by this Commission were approved and placed into service based
3 on the understanding that their costs would be allocated under the Commission's
4 traditional production-demand methodology. Had the Company proposed from the
5 outset to allocate these projects using the energy-weighted allocators it now advocates,
6 those projects would have been strongly opposed by industrial customers, and some
7 projects may not have been approved at all.

8 In short, changing the allocation methodology after the fact upsets the reasonable
9 expectations customers relied on when these projects were developed and approved.
10 Industrial customers made operational, investment, and business decisions based upon
11 the Commission's longstanding ratemaking treatment. Retroactively changing prior
12 Commission orders and shifting massive additional costs onto these customers now
13 results in clear detrimental reliance issues and undermines confidence in the stability and
14 predictability of Oklahoma's regulatory process.

15 In my responsive testimony, I also point out that all generation should be
16 allocated in the manner. We allocate all fuel costs on the same average basis—not
17 accounting for which class is actually causing the more expensive fuel cost—so we
18 shouldn't try to pick and choose on the generation side either.

19 DOD/FEA witness Dr. Blank testified that wind and solar resources are part of
20 PSO's integrated production portfolio. He explained that renewable resources are used
21 with the rest of PSO's generation fleet to serve customer energy and peak demand

1 requirements and should not be isolated for special allocation treatment.⁷ Dr. Blank
2 testified that 4CP A&E already recognizes both energy and demand. Specifically, 4CP
3 A&E already accounts for average energy use and excess peak demand responsibility,
4 making a separate renewable allocator unnecessary.⁸

5 Dr. Blank explained that different operating characteristics do not justify separate
6 allocation. The fact that wind and solar operate differently from fossil units does not
7 mean their fixed costs should be segmented under a special standalone method. He also
8 testified that PSO's resource-by-resource allocation approach is flawed because it
9 improperly focuses on one subset of production resources while ignoring the role of the
10 full production portfolio.⁹ Finally, Dr. Blank explained that FERC Order 898 does not
11 support PSO's proposed allocation treatment. FERC Order 898 concerns accounting
12 classification and separate renewable accounts, but accounting rules do not determine
13 retail class cost allocation.¹⁰

14

VII. PROPOSED ALLOCATION CHANGES PRODUCE SKEWED RESULTS

15 **Q: IS THE RESULT OF ALLOCATION CHANGES ON RATES REASONABLE?**

16 **A:** No. The transmission and wind allocation changes produce dramatically skewed results.

17 AG witness Brice Betchan includes an impact analysis in his Settlement Testimony at

⁷ Blank Rebuttal, Entry No. 496, OCC pp. 9–10.

⁸ Blank Responsive, Entry No. 167, OCC pp. 24–25; Blank Rebuttal, Entry No. 496, OCC pp. 9–10.

⁹ Blank Rebuttal, Entry No. 496, OCC pp. 9–10.

¹⁰ Blank Responsive, Entry No. 167, OCC pp. 34–35.

1 page 15. His schedule shows the base rate increase resulting from the settlement,
2 including the transmission and renewables allocation changes, along with the overall bill
3 impacts.

Table 4: Class Impacts From Proposed Stipulation With Allocation Changes					
Source: Settlement Testimony of Brice Betchan, p. 15					
(\$Millions)					
Class	Present Revenue	Proposed Increase	Offsets	Base Increase %	Total Bill Increase %
Residential	919.92	170.12	\$ (170.54)	29%	1%
Lighting	26.09	7.52	\$ (2.75)	36%	19%
Commercial	573.82	118.66	\$ (100.87)	37%	5%
SL3	152.99	47.47	\$ (31.84)	65%	12%
SL2	231.44	76.56	\$ (50.83)	82%	14%
SL1	71.52	26.61	\$ (17.61)	96%	15%
Wholesale	0.52	0.25	\$ -	132%	48%
Total	1976.3	447.19	\$ (374.44)	39%	5%

4 This table shows a **96% increase** in base rates for SL1 customers and an **82% increase**
5 for SL2 customers. This means that base rates will nearly double for these customers as
6 a result of this Settlement Agreement with the allocation changes. Just when Oklahoma
7 is having some success attracting jobs to the state, the utility pulls a stunt like this—all
8 for the purpose of increasing its own shareholder profits. Residential customers, on the
9 other hand, receive a 29% increase in base rates, which is about a third of what the
10 industrial customers would receive. On the total bill impact, industrial customers would
11 receive a 14%-15% increase and residential customers would receive a 1% increase.

12 This is a textbook example of *unjust and unreasonable* results.

13
14 **Q: IS THERE EVIDENCE THAT THE RESULTS WITHOUT THE ALLOCATION**
15 **CHANGES WOULD BE MORE REASONABLE?**

16 **A:** Yes. Mr. Betchan also includes an impact analysis of the settlement impacts without

1 changing the allocations for transmission and renewables, also on page 15 of his
 2 testimony.

Table 5: Class Impacts From Proposed Stipulation Without Allocation Changes					
Source: Settlement Testimony of Brice Betchan, p. 15					
(\$Million)					
Class	Present Revenue	Proposed Increase	Offsets	Base Increase %	Total Bill Increase %
Residential	919.92	229.45	\$ (173.39)	38%	7%
Lighting	26.09	7.71	\$ (2.76)	37%	20%
Commercial	573.82	108.55	\$ (100.37)	34%	3%
SL3	152.99	34.08	\$ (31.20)	47%	4%
SL2	231.44	48.4	\$ (49.48)	52%	2%
SL1	71.52	18.65	\$ (17.22)	67%	5%
Wholesale	0.52	0.28	\$ -	147%	54%
Total	1976.3	447.12	\$ (374.42)	39%	5%

3 The table above shows much more leveled results. The base rate increase without the
 4 allocation changes is 67% for industrials and 38% for residential. The total bill increase
 5 is 2% for industrials and 7% for residential. These are much more reasonable results.
 6 Even though the base rate increase is higher for industrial customers, the bill impact is
 7 lower because a greater percentage of their electric bill is attributable to fuel—not base
 8 rates. This is exactly the type of results you would expect to see in a typical rate case.

VIII. RECOMMENDED MODIFICATIONS TO THE SETTLEMENT AGREEMENT

9 **Q: WHAT DO YOU RECOMMEND FOR A PATH GOING FORWARD?**

10 A: I recommend that the Commission reject the Settlement as proposed. I further
 11 recommend that the Commission start with the Settlement Agreement revenue
 12 requirement increase of \$72 million and incorporate adjustments to implement further
 13 reductions, as the Commission sees fit, starting with adjustments based on *prior*
 14 *Commission decisions*, such as the NOLC treatment and 10-year software amortization.

1 From that point, the Commission should also include standard ratemaking adjustments,
2 such as using year-end for customer deposits (when the balance is trending upward) and
3 adjusting O&M expense for the conversion of NE3 from coal to gas. These basic,
4 widely accepted adjustments would cut the revenue requirement increase by about 65%--
5 from \$72 million to \$24.6 million, as set forth in the table below:

Table 6: Proposed Modifications to Settlement Agreement to Include Prior Commission Decisions and Widely-Accepted Ratemaking Adjustments (Source: See Table 2 Above) (\$Millions)	
PSO Proposed Settlement Increase	\$72.6
NOLC Recalculation	(\$23.1)
Off-System Customer Deposits	(\$2.5)
NE3 Non-Fuel O&M Decrease	(\$11.4)
Software Amortization at Approved 10-Year Level	(\$11.0)
Rate Increase after Standard Adjustments	\$24.6

6 After including these basic, straightforward adjustments, the Commission should
7 determine which other adjustments it should include to arrive at *just and reasonable*
8 rates. For example, the Commission should also consider adding the Corporate
9 Governance adjustments, which were supported by OIEC and the AG for \$0.5 million.
10 The Commission should also consider excluding the SPP projected affiliate costs, which
11 violate the *used and useful* legal requirements in Oklahoma. The Commission could also
12 adjust the capital structure to reflect the proxy group and parent structure, or further
13 reduce the ROE to reflect the utility's significantly reduced risk profile after SB 998,
14 with CWIP and deferred distribution. The total available adjustments would reduce the
15 Settlement increase of \$72 million to a decrease of (\$48.0) million as set forth in Table 7
16 below.

Table 7: Recap of OIEC-Proposed Modifying Adjustments with Rationale Explained		
Description	Amount	Rationale
PSO Proposed Settlement Revenue Deficiency	\$ 72.6	← From Table 2 Above
<u>Rate Base Adjustments</u>		
NOLC Recalculation	\$ (23.1)	← Commission-Approved Method; Supported by: AG, Staff, OIEC
Distribution Reliability Projects	\$ (4.6)	← Unsupported Projects
Off-System Trading Deposits	\$ (2.5)	← Longstanding methodology
<u>Cost of Capital Adjustments</u>		
ROE	\$ -	
Capital Structure	\$ (28.6)	← Aligns with Proxy Group and AEP Consolidated Cap. Structure
<u>Operating Expenses</u>		
NE 3 Non-Fuel O&M Expense	\$ (11.4)	← Traditional <i>Known and Measurable</i> Change
SPP Affiliate Transmission Costs	\$ (36.5)	← Excludes Projected Future Costs per Oklahoma Law
Depreciation and Amortization Rate Adj.	\$ (13.4)	← Accepts Commission-Approved 10-Year Software Amortization
D&O Insurance, Investor Relations and Industry Dues with Direct Shareholder Benefits	\$ (0.5)	← Widely-accepted 50% Sharing; Positions also Supported by AG
Total Recommended Modifying Adjustments	\$ (120.6)	
OIEC Proposed Revenue Excess	\$ (48.0)	

1 **Q: SHOULD THE COMMISSION ACCEPT THE DEFERRED TAX LIABILITY**
 2 **OFFSET OF \$76 MILLION AS PROPOSED IN THE SETTLEMENT**
 3 **AGREEMENT UNDER EVERY SCENARIO?**

4 **A:** Yes. These are ratepayer funds that should be returned to customers as soon as
 5 practicable to provide much needed mitigation to the 39% base rate increase proposed by
 6 this Settlement Agreement. OIEC recommends that the Commission retain this offset
 7 and incorporate as many of the additional proposed adjustments to bring PSO's rate
 8 increase down to a more reasonable level.

9

1 **Q: DO YOU HAVE OTHER RECOMMENDATIONS?**

2 A: Yes. The SPP Rider expansion, the GEAR Rider expansion, and the Vegetation
3 Management Regulatory Asset should be rejected according to the positions filed by
4 OIEC, Staff and the AG in responsive testimony. Mr. Norwood addresses the SPP and
5 GEAR Riders in his testimony.

IX. **CONCLUSION**

6 **Q: DO YOU HAVE ANY FURTHER COMMENTS?**

7 A: Yes. My testimony does not address every potential issue and should be considered in
8 conjunction with the testimonies of other witnesses for OIEC and the DOD.

9

10 **Q: DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**

11 A: Yes, it does.

CERTIFICATE OF SERVICE

This is to certify that on the 30th day of June, 2026, a true and correct copy of the above and foregoing document was served electronically on the parties that are listed on the Commission's Electronic Service List.



Thomas P. Schroedter



GOVERNOR JOSH SHAPIRO

April 29, 2026

Dear Utility Leaders:

As you are no doubt aware, many of your customers across the Commonwealth are experiencing markedly higher utility costs. Rising utility bills have themselves become drivers of inflation. While there are many factors affecting those increases, several core causes are directly within your control and result from your policy and fiscal decisions, including the excessive rate requests several utilities have sought in recent years. Last year alone, 13 Pennsylvania utilities requested \$975 million in higher rates after those very same utilities had earned a total of \$1.4 billion in profits in 2024.

We have reached a tipping point, and this is a moment to put your customers first and change the behaviors causing rate increases. As I've expressed publicly and privately, I believe the 20th century utility model is broken—we can no longer simply prioritize corporate profitability to drive infrastructure development. Rather, we must be laser focused on delivering on the actual needs of our communities. As I stated clearly in my Budget Address in February, Pennsylvania consumers should not be asked to pay a single dollar more than is needed to support a safe and reliable utility system.

Change is needed, and my Administration stands ready to support each Pennsylvania utility in raising the capital you need to invest in your service territories and workers, both in modernizing with cost-effective new technologies and maximizing the existing infrastructure that you have developed over time. However, as we work together to implement this new approach, you must seek to procure that capital in more affordable ways, conscious of the utility burdens facing many consumers across our Commonwealth.

I write today to lay out three commonsense practices to ensure the needs of Pennsylvanians come first. My Administration will use these three practices as a benchmark to evaluate rate case proposals going forward. Let me be clear: my Administration and I will vocally and forcefully oppose rate case requests from utilities that fail to adhere to these three commonsense practices.

First, utilities should seek to raise the most cost-effective forms of capital. Best practices now require you to protect consumers by disfavoring expensive equity when lower-cost debt is available. Given the low risk profile of monopolistic utilities, which maintain a captive rate base able to repay obligations over time, consumers should not be expected to bolster corporate profits through over reliance on costly equity. This means debt should normally represent a clear majority of a utility's proposed ratemaking capital structure, as it does in many other lower-risk industries. As one measure of this approach, any equity share proposed in a rate case in excess of the amount of equity employed by the utility's parent holding company will require extraordinary justification to receive my Administration's support.

For utilities looking to find low-cost sources of capital, my Administration encourages you to apply to the Department of Energy, which is currently offering loan terms as favorable as the 10-year U.S. Treasury yield plus 35 basis points. By comparison, the average Pennsylvania utility requested a return on equity a staggering 682 basis points above the 10-year U.S. Treasury yield last year. Before raising such expensive equity, you should take advantage of more affordable sources of capital, like these loans, that many of your fellow utilities across the country are pursuing. My Administration stands ready to facilitate an introduction to loan officers at the Department of Energy upon your request.

Second, whenever new revenue is sought, a utility must explain in plain, clear language why its proposed investments are necessary, using transparent data to identify a specific reliability or safety concern that will be addressed, or demonstrating with a thorough cost/benefit analysis that the investment will produce significant savings or reliability benefits for consumers. This means showing the value customers will receive in terms of discrete improvements producing tangible outcomes that are timebound, verifiable, and logically linked to the need for additional capital. Creating real value for customers also means maximizing existing grid resources in ways that control costs and defer the need for future upgrades. You must also describe explicitly what amount of your

requested rate increase will be remitted to shareholders through corporate dividends or other means, as compared to what would be used to directly advance the needs of your customers.

Third, you must provide transparent, justifiable equity returns.

Pennsylvania has a long, proud tradition of trusting free markets to deliver fair, transparent pricing. In fact, this year marks the 30th anniversary of Act 138, which introduced competition into our utility sector for the first time. That bipartisan law embodies Pennsylvania's deep-seated belief that free-market competition—when properly implemented and overseen—is the best tool for delivering customers the fair value they deserve. Today, we use markets to price our wholesale power and rely on principles of competition to fairly and impartially award public contracts. Yet less accurate administrative determinations—essentially amounting to educated guesses—still govern how much utilities earn on their equity investment. And all too often the outcome of this administrative process is shrouded in “black box” settlements, that do not provide the public with transparency about costs they will have to pay. These vestiges of the past need to evolve to ensure that utilities are not seeking excessive profits but only the opportunity to earn the fair rate of return to which they are entitled.

To accomplish this, utilities can prove their need for a requested return on equity by providing a benchmark (representing at least 10% of the incremental requested equity) that is transparently derived through a public process with competitive bidding by multiple participants to establish a fair market cost of that equity. This sample offers the energy consumer and Public Utility Commission real-world evidence of the proper authorized return on equity, an amount that will allow the utility to earn reasonable equity returns under efficient operations. If a utility declines to justify its requested return on equity through a competitive, transparent process, it creates a presumption in the view of my Administration that the requested rate is higher than would have been derived from such a competitive process. Absent extraordinary and unforeseen circumstances, a utility can overcome that presumption by requesting a return on equity that does not exceed the rate of the current 10-year U.S. Treasury yield plus the five-year median of the equity risk premium as published in the Federal Reserve's Financial Stability Reports. In simple terms, this allows the filing utility to earn the same expected return as the stock market as a whole, according to Federal Reserve estimates, comfortably exceeding typical Public Utility Commission calculations of risk for the utility sector.

This provides an outcome that is fair for your utility and your customers even without an auction or other market-based price discovery mechanism.

This letter is an effort to be up front with you about my Administration's approach to rate requests going forward. In directly laying out these practices, I am making clear my expectations. I stand ready to collaborate with you, the Public Utility Commission, and other stakeholders in advancing thoughtful rate requests that put Pennsylvania families and businesses first and control costs after years of unacceptably high rate increases. Should you wish to have my Administration's support for any future rate requests, you must submit a description of your compliance with these practices to my Special Counsel for Energy Affordability alongside your rate case filings.

I appreciate your compliance with these practices and look forward to working together to control costs for ratepayers and build out the needed infrastructure for our Commonwealth.

Sincerely,



Governor Josh Shapiro

Cc: Honorable Stephen M. DeFrank, Chair, Pennsylvania Public Utility Commission
Honorable Kimberly M. Barrow, Vice Chair, Pennsylvania Public Utility Commission
Honorable Kathryn L. Zerfuss, Commissioner, Pennsylvania Public Utility Commission
Honorable John F. Coleman, Commissioner, Pennsylvania Public Utility Commission
Honorable Ralph V. Yanora, Commissioner, Pennsylvania Public Utility Commission
Mark Szybist, Special Counsel for Energy Affordability, Office of General Counsel

SETTLEMENT EXHIBIT MG-2
 Case No. PUD 2025-000075

AEP Named Executive Officers - 2025 Total Compensation

Source: AEP 2026 Proxy Statement, p. 63

Issued March 18, 2026

Named Executive Officer	Position	Base Pay	Cash Bonus	Stock Awards	Non-Equity Incentive Comp.		Pension/ Non-Qualified Deferred Comp.	All Other Comp.		Total
					Comp. Plan	Comp. Plan		Comp.	Comp.	
William J. Fehrman	President / CEO	\$ 1,505,769	\$ 1,150,000	\$ 29,339,782	\$ 4,290,000	\$ 35,685	\$ 280,288	\$ 36,601,524		
Trevor I Mihalik	Exec. VP / CFO	930,000		10,883,680	1,525,000	-	142,619	13,481,299		
Douglas A. Cannon	Pres. AEP-Transmission	449,231	1,230,000	4,085,684	665,232	-	262,628	6,692,775		
Robert B. Bernitsen	Exec. VP/ General Counsel	378,462	1,187,000	3,305,432	492,200	-	102,135	5,465,229		
Alicia R. Knapp	Pres. - Nuclear Development	209,231	1,100,000	2,749,837	282,989	-	26,926	4,368,983		
Charles E. Zebula	Former Exec. VP / CFO	147,789	-	123,307	-	151,984	133,916	556,996		
2025 Total Compensation - AEP Executives		\$ 3,620,482	\$ 4,667,000	\$ 50,487,722	\$ 7,255,421	\$ 187,669	\$ 948,512	\$ 67,166,806		



**ENERGY & POLICY
INSTITUTE**

SETTLEMENT EXHIBIT MG-3

Case No. PUD 2025-000075

UTILITY EXECUTIVE COMPENSATION



2026 REPORT

SETTLEMENT EXHIBIT MG-3
Case No. PUD 2025-000075

Utility CEO pay surges amid higher profits, customer struggles

April 2026

Authored by

Jonathan Kim



Findings

Investor-owned electric and gas utilities paid their CEOs \$626 million in 2025, an Energy and Policy Institute analysis of annual corporate filings found. From 2017 to 2025, utilities paid their CEOs more than \$5.2 billion.

Ohio-based American Electric Power (AEP) compensated CEO Bill Fehrman \$36.6 million in 2025, making him the highest paid utility CEO of the year by a wide margin. It would take the average worker in AEP's home state of Ohio 550 years to earn what Fehrman made last year, according to data from the Bureau of Labor Statistics. Fehrman's 2025 pay was a \$23.3 million increase over the previous year, driven by stock awards intended to motivate Fehrman to "create sustainable shareholder value," incentivize focus on "longer-term results," and reduce risk of CEO turnover.

Fehrman's leap in pay comes as AEP customers struggled to keep up with their bills. The utility disconnected Ohio customers more than 173,000 times from June 2024 to May 2025, and during that same period issued nearly 2 million final notices for disconnection to customers who carried a combined past-due balance of \$722 million.

Ranking second was Chris Womack, CEO of Georgia-based Southern Company and the top-paid utility executive in 2024. Womack raked in \$28.2 million in 2025, the same year that subsidiary Georgia Power disconnected customers 311,513 times. Overall, Georgia Power customers ended the year behind on their bills by \$11.5 million. The average Georgia worker would have to work for 402 years to match Womack's earnings.

Florida-based NextEra Energy CEO John Ketchum came in third with \$24.2 million in compensation for 2025, the same year that state utility regulators granted its subsidiary Florida Power & Light's request to saddle its customers with a record-breaking \$6.9 billion rate hike. It would take an average Florida worker 347 years to match Ketchum's 2025 earnings.

A compensation package worth \$22.2 million landed San Diego-based Sempra Energy CEO Jeffrey Martin in fourth place as Sempra subsidiary San Diego Gas & Electric (SDG&E) combats a campaign for public power that one study estimated could save customers between \$6 billion and \$15 billion over 30 years. An average California worker would have to work for 236 years to earn what Martin made in 2025.

Gregory Abel of Nebraska-based Berkshire Hathaway received the fifth-largest pay package in 2025, at \$22 million. The average Nebraska worker would have to work 356 years to earn Abel's 2025 compensation. Meanwhile, Berkshire Hathaway



subsidiary MidAmerican Energy issued 430,055 disconnection notices to Iowa customers in 2025. Another subsidiary, NV Energy, was forced to send refunds to over 100,000 Nevada customers after overcharging them more than \$65 million between 2002 and 2025.

The following CEOs rounded out the top ten:

- Consolidated Edison (ConEd) CEO Timothy Cawley with \$19.9 million in compensation for 2025. It would take an average New York worker 218 years to match Cawley's earnings. In 2025, ConEd disconnected New York customers more than 190,000 times and ended 2025 with 414,210 customers behind on their bills, owing a combined \$871 million.
- Pacific Gas & Electric (PG&E) CEO Patricia Poppe with \$19.8 million. An average California worker would have to work for 210 years to make as much as Poppe did in 2025. PG&E disconnected customers 196,501 times in 2025 and had more than 1 million customers behind on their bills with a total balance of \$697.5 million at the end of the year.
- Entergy CEO Andrew Marsh with \$16.8 million. The average Louisiana worker would have to work 271 years to match Marsh's earnings. Entergy Arkansas disconnected customers 94,893 times for non-payment in 2025 and had 123,904 customers in arrears at the end of the year.
- Edison International CEO Pedro Pizarro with \$16.5 million. An average California worker would need to work 175 years to meet Pizarro's earnings. Edison International subsidiary Southern California Edison's (SCE) customers ended the year with more than \$1.1 billion in arrearages, and the company disconnected customers 186,508 times for non-payment in 2025. The U.S. Department of Justice found that SCE equipment was responsible for the deadly Eaton fire in January 2025 that claimed 19 lives and destroyed more than 9,000 buildings in Los Angeles County. Pizarro's compensation was a \$2.7 million jump from 2024.
- Dominion Energy CEO Robert Blue with \$16 million. In Virginia, an average worker would have to work for 205 years to meet Blue's earnings. Dominion South Carolina disconnected customers 118,292 times in 2025.

Of the 10 highest-paid CEOs in 2025, seven also appeared on the 2024 list of top earners. Each of them received a pay hike compared to the previous year.

Also ranking high on the 2025 list were North Carolina-based Duke Energy and Michigan-based DTE Energy. Each saw a changeover in CEO leadership during 2025. While the total compensation paid to multiple CEOs was high enough to land



both Duke and DTE in the top 10, none of the payees received enough compensation to make the list individually. Duke paid retiring CEO Lynn Good \$8.3 million and current CEO Harry Sideris \$13.7 million, for a total of \$21.9 million. DTE paid outgoing CEO Jerry Norcia \$14.2 million and current CEO Joi Harris \$6.7 million for a total of \$20.9 million. Both Sideris and Harris served in different executive roles before their promotions, and their pay totals also include compensation earned in their prior roles.

Duke is currently seeking multi-year rate hikes for its North Carolina utilities of up to 18% for residential customers over the next two years. It disconnected customers 187,333 times in 2025 across its North Carolina subsidiaries and more than 300,000 customers were more than 60 days overdue on their bills, owing more than \$83 million at the end of last year.

Frustrations with DTE have also boiled over in Michigan, where state officials and consumer advocates fed up with a steady churn of rate hikes have called to rein in utility profits to alleviate the growing affordability crisis confronting utility customers.

Amid booming CEO pay, some policymakers are contemplating ways to limit how much customers pay for utility executive compensation. In April 2026, Maryland enacted legislation limiting cost recovery of executive and supervisor pay to 110% of the salary for the chair of the Maryland Public Service Commission (which is currently around \$230,000). Similarly, Minnesota lawmakers introduced legislation in 2026 that would protect ratepayers from paying utility executives more than salary for the governor of Minnesota (currently \$200,000). Neither bill limits what utilities can pay their executives overall; they simply shift a greater portion of those costs to shareholders rather than customers.

Of the 51 utilities reviewed, CEOs received an average of \$12.3 million, an increase of nearly 16 percent from 2024. 27 utility CEOs received an increase in compensation of more than \$1 million. The highest year-over-year pay increases were:

- Bill Fehrman, AEP, \$23.3 million or a 176.1 percent increase
- Timothy Cawley, ConEd, \$4.9 million or a 32.8 percent increase
- Chris Womack, Southern Company, \$4.3 million or a 18.2 percent increase
- Marty Lyons, Ameren, \$4.3 million or a 44.5 percent increase
- Patricia Poppe, PG&E, \$4.0 million or a 25.2 percent increase
- Andrew Marsh, Entergy, \$3.9 million or a 30.4 percent increase



- Robert Blue, Dominion, \$3.1 million or a 24.3 percent increase
- Bob Frenzel, Xcel Energy, \$3.1 million or a 23.7 percent increase
- Christopher Franklin, Essential Utilities, \$3.0 million or a 48 percent increase

Since 2017, average utility CEO compensation has risen 47 percent. This outpaces inflation, which rose 31 percent from 2017 to 2025, and average wage growth for American workers, which has risen 38 percent in the same span.

Utility executives are rewarded with incentive pay based on company performance as defined by their corporate boards, and from shareholders' perspectives, the companies have performed quite well. An EPI analysis showed that from 2021 to 2024, U.S. electric utilities collected more than \$200 billion in net income, or profit, with an average of 12.8 cents of every dollar collected from customers' bills going to profit. Preliminary data for 2025 suggests that number has increased to 14.6 cents of every dollar. A calculator tool based on EPI's analysis allows customers to see what portion of their electric bill goes to their utility's profits.

SEE: REPORT ON CUSTOMER SATISFACTION
GET PAGE 41/41

Several utility CEOs saw a pay raise in 2025 even though they fell short of customer satisfaction goals baked into their compensation plans. These include top leaders at Texas-based CenterPoint Energy, Michigan-based CMS Energy (Consumers), Illinois-based Exelon, NextEra, and Indiana-based NiSource.

CenterPoint Energy, whose CEO Jason Wells received a \$2.6 million pay bump in 2025, also failed to meet the threshold for a service reliability incentive that measures the number of customers experiencing four or more electricity outages that are five minutes or longer.

In other cases, utilities that doled out customer satisfaction bonuses appeared to have relaxed their standards for executives to achieve those goals and the associated bonuses.

Minnesota-based Xcel awarded CEO Bob Frenzel a maximum bonus for customer satisfaction after apparently changing the threshold, replacing a metric based on J.D. Power survey results with a different index it did not thoroughly detail in its annual proxy filing. After falling short of the target under the previous metric last year, Frenzel's customer satisfaction payout in 2025 came even as an influx of customer complaints in recent years prompted regulatory inquiries in both Minnesota and Colorado. His overall pay climbed to nearly \$16 million last year.



Similarly, Oregon's Portland General Electric Company (PGE) lowered both the threshold and the target for its "customer delight" metric from 2024 to 2025, such that 2025's actual results would have failed to meet the 2024 threshold. PGE CEO Maria Pope saw her compensation increase to \$7.6 million in 2025, including a partial bonus under the revised metric.

EXECUTIVES WORK FOR SHAREHOLDERS, NOT CUSTOMERS

For most utilities, if customer satisfaction is incentivized at all, it comprises only a small portion of the executives' potential bonus pay. Generally speaking, executive compensation packages are specifically designed to align with shareholders' interests, including increased earnings and profits – objectives that can, and often do, conflict with customers' interests. In one illustrative example that mirrors many, Southern Company's executive compensation program "ties pay to overall Company performance [and] aligns with stockholder interests."

In some cases, utilities pay bonuses tied to regulatory outcomes that drive profits, often at the direct expense of customers. Most notably, this includes incentives tied to return on equity (ROE), or the profit utilities can collect from customers on qualifying capital expenses. Where financial metrics like utility share price can rise independently of customers' rates, higher ROEs directly correspond to higher costs for customers. Set by state regulators as part of rate case proceedings, ROEs are increasingly the focus of public pushback amid broader affordability concerns.

Wisconsin-based WEC Energy Group offered CEO Scott Lauber and other executives bonus compensation if the company earns higher ROE, based on the weighted average ROE for WEC's subsidiaries over a three-year period. Rate hikes for multiple WEC utilities took effect in 2025, continuing a series of increases that sparked protests by customers who say they can't keep up.

For AEP executives, a "regulatory and legislative integrity" incentive was measured as whether executives "Achieve Plan ROE," though it missed its set target in 2025.

Both WEC and AEP tied their bonuses to specific ROE levels approved by regulators. Several other utilities linked executive compensation to ROE in 2025, but did not list criteria that directly corresponded to regulatory outcomes. These included Southern Company, Exelon, MGE Energy, Otter Tail Corporation, and Southwest Gas. In every case, though, the ROEs authorized by regulators are a key driver of utility profits and overall shareholder returns.

Mounting evidence shows that regulators are authorizing ROEs that are systematically higher than necessary to attract capital, burdening customers with



excessive rates. U.S. residential electric customers saw their rates increase an average of 9.5 percent from January 2025 to January 2026.

Data centers and load growth are leading to increased capital spending, a potential boon to shareholders that will make the profits utilities earn on that spending all the more impactful to ratepayers. Duke Energy, for example, notes that as “load growth materializes across our territories, we’re executing on our more than \$103 billion, five-year capital plan – the largest regulated capital plan in the industry.”

Researchers have demonstrated that incumbent ratepayers can be on the hook for such capital investments, if costs are not allocated appropriately.

Some utilities are explicit in the threat this spending poses to ratepayers. In listing risks and uncertainties the company faces, Kansas City-based Evergy included “uncertainties related to projected rapid growth in electricity demand driven primarily by data centers and other large load customers and the related requirement for new generation and transmission investments, creating capital access, revenue recovery and customer affordability risks [emphasis added].”

LAUVISH CEO PERKS INCLUDE PRIVATE JETS, CLUB MEMBERSHIPS

As part of their compensation, utility CEOs frequently receive a variety of perks provided by their employers.

Utility executives commonly have access to private air travel, either using third-party charter planes or company jets. In some instances, utility CEOs are allowed to fly private with their families or guests, for personal matters, or both. Those that provide CEOs personal use of private aircraft include FirstEnergy, AEP, Southern Company, Alliant Energy, NiSource, NextEra, PG&E, and Sempra. All of these companies explicitly allow family or other guests to travel with the executive.

Some utilities impose limits on how much CEOs can use private aircraft for personal reasons. Exelon, for example, provided “limited personal use of corporate aircraft for certain executives, including spouse, domestic partner, other family members, or guests” in 2025. But that “limited use” was generous: Butler, the CEO, was entitled to “the lesser of 100 hours or \$300,000 of aggregate incremental cost of personal private plane use.”

Similarly, Dominion CEO Blue was allowed up to \$150,000 in personal private plane use in 2025. Xcel’s CEO can access the company jet for personal use up to 100 hours annually, despite the company stating that it does not “provide unusual or excessive perquisites.”



In 2025, more utilities used security concerns as justification for their executives flying private. But in some cases – as with New Jersey-based Public Service Energy Group (PSEG) – they had already provided access to private aircraft in the previous year, without citing security issues.

Southern Company, Alliant Energy, NextEra, Sempra, and PG&E also used security or safety as a justification for private plane travel.

PG&E requires CEO Poppe to use private planes for business and personal travel after a “third-party security risk assessment” that also led the utility to spend \$3.5 million on “protective services and one-time property security enhancements” for Poppe, including a security detail for events and “perimeter and physical security enhancements as well as network and security monitoring.”

Some utilities also provide executives with club memberships, as is the case for Southwest Gas, OGE Energy, and Spire.

Several more – Exelon, UGI, Ameren, PPL, Eversource, Southern Company, and DTE – all note that they provide executives with tickets to sports games and other entertainment events. DTE’s CEO also has access to a corporate condo. Additionally, DTE, Exelon, Southern Company, Chesapeake Utilities, Eversource, Pinnacle West, New Jersey Resources, and PPL all provide company cars or vehicle leasing benefits.

EPI has found that utilities routinely seek to charge customers for these perks. In one such case, Duke successfully charged Indiana customers more than \$5 million for private jet use from 2021 to 2023. Michigan’s Attorney General has in recent years successfully prevented such costs from falling to DTE customers, calling them “downright insulting.”

UTILITIES LOWER ENVIRONMENTAL STANDARDS SHIFT INCENTIVES TO SHAREHOLDER SUCCESS

As executive pay grows alongside customer rates and dissatisfaction, utilities are lowering environmental standards, including those necessary to achieve bonuses, that they once celebrated. In 2025, many utilities continued an ongoing retreat from commitments and incentives related to clean energy and decarbonization. In some cases, they disappeared altogether – even as executive pay ticked up.

In 2025, Southern Company removed a greenhouse-gas reduction metric for executive performance after both lowering and failing to hit its target in 2024, replacing it with a metric focused on earnings. CenterPoint’s three-year carbon reduction goals that guided CEO bonus pay expired, and the company noted it will shift its focus more fully to shareholder-related performance metrics going



forward. AES maintained an incentive tied to renewables development, but weakened the target and reduced its weight in executives' annual bonus calculations while shifting the emphasis to earnings-related goals. PSEG completely removed sustainability from its executive's long-term incentive plan, consolidating sustainability among many metrics on a "scorecard" that informs annual bonuses, without detailing the role or impact of sustainability on the bonus calculations.

Utilities also weakened or eliminated clean energy goals, including the following:

- Idaho's IDACORP deleted their goal to provide "100-percent clean energy by 2045" from its proxy.
- Wisconsin-based WEC Energy Group removed its net-zero methane by 2030 commitment and carbon-neutrality by 2050 goals.
- NextEra fully erased its vision of achieving net-zero emissions by 2045, a provision that the utility once categorized as a goal before recasting it as an "aspiration" in 2024.
- Evergy kept a net-zero commitment, but delayed its timeline from 2045 to 2050 and eliminated interim goals.
- NiSource kept a greenhouse-gas reduction goal, but suggested it "may evolve."

UTILITIES CONTINUE TO RETREAT FROM DIVERSITY, EQUITY AND INCLUSION

An EPI analysis examining 2024 data found an industry-wide retreat by utilities from prior policies that sought to promote diversity, equity, and inclusion among their boards, employees, and suppliers, and that tied some portions of executives' compensation to company progress toward those goals. Utilities continued this retreat in 2025.

Washington-based Avista removed an incentive that tied 5% of executives' annual bonuses to "achievement of four out of five goals related to our equity, inclusion, and diversity strategy." Ameren, CenterPoint, Entergy, Evergy, Otter Tail, Spire, ConEd, and Xcel all also eliminated or weakened diversity, equity, and inclusion incentives for executives.

Other utilities removed commitments to or policies that encourage racial, ethnic, and gender diversity of their boards, including NextEra, DTE, New Jersey Resources, Spire, UGI, and Unitil. Diversity remains a challenge at the highest levels

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of utilities: of the 25 highest-paid utility CEOs in 2025, only one — Patricia Poppe of PG&E — is a woman.



2025 UTILITY CEO COMPENSATION

UTILITY	CEO	COMPENSATION
American Electric Power	Bill Fehrman	\$36,601,524
Southern Company	Christopher Womack	\$28,223,562
NextEra Energy	John Ketchum	\$24,192,607
Sempra Energy	Jeffrey Martin	\$22,274,952
Berkshire Hathaway Energy	Gregory Abel	\$22,017,500
Consolidated Edison	Timothy Cawley	\$19,899,971
PG&E Corporation	Patricia Poppe	\$19,812,481
Entergy Corporation	Andrew Marsh	\$16,752,589
Edison International	Pedro Pizarro	\$16,544,559
Dominion Energy	Robert Blue	\$16,037,850
Xcel Energy	Bob Frenzel	\$15,998,859
Exelon	Calvin Butler	\$15,601,905
Eversource	Joseph Nolan	\$14,987,168
DTE Energy	Gerardo Norcia	\$14,156,937
Ameren	Martin Lyons	\$14,056,510
Public Service Enterprise Group	Ralph LaRossa	\$13,866,735
Duke Energy	Harry Sideris	\$13,652,630
FirstEnergy	Brian Tierney	\$13,337,245
PPL Corporation	Vincent Sorgi	\$13,221,331
Nisource	Lloyd Yates	\$13,197,800
WEC Energy	Scott Lauber	\$12,188,492
CenterPoint Energy	Jason Wells	\$12,092,341
OGE Energy	Sean Trauschke	\$12,032,007
CMS Energy	Garrick Rochow	\$10,534,039
Southwest Gas	Karen Haller	\$10,029,409



Atmos Energy	Kevin Akers	\$9,953,274
Evergy	David Campbell	\$9,537,018
Essential Utilities	Christopher Franklin	\$9,212,815
Puget Energy	Mary Kipp	\$9,204,291
AES	Andrés Gluski	\$9,153,896
Alliant Energy	Lisa Barton	\$8,999,073
UGI Corporation	Bob Flexon	\$8,991,090
Pinnacle West	Theodore N. Geisler	\$8,414,652
Duke Energy	Lynn Good	\$8,269,436
Portland General Electric Company	Maria Pope	\$7,583,877
IDACORP	Lisa Grow	\$7,529,892
AltaGas	Vern Yu	\$7,083,219
Tennessee Valley Authority	Jeffrey J. Lyash	\$6,819,261
Otter Tail Corporation	Charles MacFarlane	\$6,792,688
DTE Energy	Joi Harris	\$6,732,386
New Jersey Resources	Stephen Westhoven	\$6,433,253
Black Hills Corporation	Linden Evans	\$5,991,759
Cleco Corporation	William Fontenot	\$5,744,057
Tennessee Valley Authority	Donald A. Moul	\$5,710,167
Avangrid	Armando Martínez Martínez	\$5,590,321
ONE Gas	Robert McAnnally	\$5,575,027
Spire	Steven Lindsey	\$5,066,799
Northwestern Energy	Brian Bird	\$5,016,745
MDU Resources	Nicole A. Kivisto	\$4,812,252
Avista Corporation	Heather Rosentrater	\$4,773,308
Chesapeake Utilities	Jeffry Householder	\$4,531,322
NW Natural	Justin B. Palfreyman	\$3,695,467
MGE Energy	Jeffrey Keebler	\$3,613,508



Spire	Scott E. Doyle	\$3,328,340
Unitil Corporation	Thomas Meissner Jr.	\$3,189,116
Pinnacle West	Jeffrey Guldner	\$2,828,115
UGI Corporation	Mario Longhi	\$2,827,989
Avangrid	Pedro Azagra Blázquez	\$1,570,048
NW Natural	David Anderson	\$575,775



NOTES ON THE DATA

This analysis is focused on the compensation paid to the CEOs of 50 investor-owned electric and gas utility companies, plus the Tennessee Valley Authority, during the nine-year period between 2017 and 2025. Two American and four internationally-owned utilities included in previous EPI's analyses are excluded here because they have not yet filed reports; they are Albuquerque-based TXNM Energy; Hawaiian Electric Industries; Avangrid of Connecticut, which is a wholly-owned subsidiary of the Spanish company Iberdrola; Emera and Algonquin Power, both headquartered in Canada; and London-based National Grid. This analysis also excludes Allete, which has been taken private and is no longer required to make public securities filings that detail executive compensation.

The analysis includes the compensation paid only to the CEOs of the parent companies of the investor-owned utilities and TVA; it does not include compensation paid to the CEOs of those companies' subsidiaries, nor does it include compensation paid to the companies' other top executives. Aside from TVA, it also does not include compensation paid to the CEOs of nonprofit utilities, such as electric cooperatives and municipal utilities.

When utilities had more than one CEO during the period, we showed compensation for each CEO, which sometimes includes payments to two people in the same year. For incoming CEOs that were promoted from within the company, data for their compensation for their first year as CEO may include compensation they received that year in their earlier position, because corporate filings typically do not distinguish between the compensation they received for each position.

Data are from summary compensation tables published in companies' 14A proxy statement or 10-K forms, filed with the Securities and Exchange Commission, or those forms' equivalents for companies headquartered in countries other than the U.S. Additionally, this analysis incorporates average weekly wage data compiled by the U.S. Bureau of Labor Statistics, organized by state. To draw comparisons between the compensation of an average worker and that of a utility CEO, the average weekly wage figure was multiplied by 52. The most recent average wage data available reflects the third quarter of 2025.

Figures for CEOs paid in foreign currency were converted into and recorded in the tables in U.S. dollars using the average official rate of exchange between the two currencies for 2025.

EPI included in our analysis nearly all of the investor-owned electric utilities that are members of the Edison Electric Institute (EEI), and investor-owned gas utilities that are represented on the American Gas Association (AGA) board of directors. EEI is the trade association for investor-owned electric utilities in the U.S., and AGA is the trade association for investor-owned gas utilities in the U.S.; several utility

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companies (or their subsidiaries) are members of both trade associations. A few EEI and AGA member companies are not included in this analysis, because their ownership structures do not require them to report this data to the SEC.

**BEFORE THE CORPORATION COMMISSION OF THE STATE OF
OKLAHOMA**

APPLICATION OF PUBLIC SERVICE)
COMPANY OF OKLAHOMA, AN)
OKLAHOMA CORPORATION, FOR AN)
ADJUSTMENT IN ITS RATES AND)
CHARGES AND THE ELECTRIC)
SERVICE RULES, REGULATIONS AND)
CONDITIONS OF SERVICE OF)
ELECTRIC SERVICE IN THE STATE OF)
OKLAHOMA AND TO APPROVE)
VARIOUS COST RECOVERY)
MECHANISMS AND TARIFFS)

CASE NO. PUD 2025-000075

DATA CENTER COALITION'S CONCURRENCE

The Data Center Coalition ("DCC") hereby submits this Concurrence in response to the Joint Stipulation and Settlement Agreement of the Office of the Oklahoma Attorney General, the Public Utility Division, and Google, LLC ("Joint Stipulation") filed on June 26, 2026.¹ While DCC expressly reserves its rights to address specific provisions in the Joint Stipulation during the Hearing on the Merits and in Proposed Findings of Facts and Conclusions of Law, DCC nevertheless believes the Joint Stipulation represents an overall reasonable compromise framework to address the large load issues in this case.

Notwithstanding this filing, and consistent with DCC's Issues List filed in this proceeding, DCC reserves the right to supplement this proceeding's record by witness cross-examination during the Hearing on the Merits, and to present additional recommendations to the Commission in DCC's Proposed Findings of Fact and Conclusions of Law.

¹ On July 2, 2026, the Attorney General withdrew from the Joint Stipulation.

Respectfully submitted,

A handwritten signature in black ink, reading "G.E. Rodriguez", written over a horizontal line.

Gonzalo E. Rodriguez
Keyes & Fox LLP
1050 Connecticut Ave NW
Suite 500
Washington, DC 20036

Counsel to the Data Center Coalition

CERTIFICATE OF SERVICE

I hereby certify that on the 6th day of July 2026, a full, true, and correct copy of
the above document was served by electronic mail on all parties listed on the
Commission's Electronic Service List.



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Counsel to the Data Center Coalition

**BEFORE THE CORPORATION COMMISSION OF THE STATE OF
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APPLICATION OF PUBLIC SERVICE)
COMPANY OF OKLAHOMA, AN)
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OKLAHOMA AND TO APPROVE)
VARIOUS COST RECOVERY)
MECHANISMS AND TARIFFS)

CASE NO. PUD 2025-000075

CORRECTED CONCURRENCE OF THE DATA CENTER COALITION

The Data Center Coalition ("DCC") hereby submits this Concurrence in response to the Joint Stipulation and Settlement Agreement of the Office of the Oklahoma Attorney General, the Public Utility Division, and Google, LLC ("Joint Stipulation") as amended on June 29, 2026.¹ While DCC expressly reserves its rights to address specific provisions in the Joint Stipulation during the Hearing on the Merits and in Proposed Findings of Facts and Conclusions of Law, DCC nevertheless believes the Joint Stipulation represents an overall reasonable compromise framework to address the large load issues in this case.

Notwithstanding this filing, and consistent with DCC's Issues List filed in this proceeding, DCC reserves the right to supplement this proceeding's record by witness cross-examination during the Hearing on the Merits, and to present additional recommendations to the Commission in DCC's Proposed Findings of Fact and Conclusions of Law.

¹ On July 2, 2026, the Attorney General withdrew from the Joint Stipulation.

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Respectfully submitted,

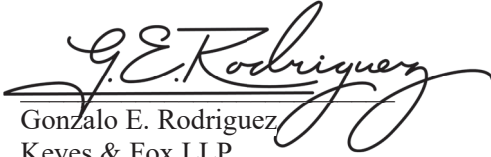
A handwritten signature in black ink, reading "G.E. Rodriguez", written over a horizontal line.

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Washington, DC 20036

Counsel to the Data Center Coalition

CERTIFICATE OF SERVICE

I hereby certify that on the 6th day of July 2026, a full, true, and correct copy of
the above document was served by electronic mail on all parties listed on the
Commission's Electronic Service List.


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