

**STANDARD PRICING SCHEDULE: SHPR
SYSTEM HARDENING PROGRAM RIDER**

STATE OF OKLAHOMA

EFFECTIVE IN: All territory served.

APPLICABILITY: The purpose of the System Hardening Program (SHP) rider is to charge the Oklahoma retail jurisdictional customers for system hardening expenditures required for the Oklahoma Gas & Electric (OG&E or the Company) electrical utility system. This rider is applicable to all Oklahoma retail rate classes in Service Levels 3, 4 and 5. The following formulas for the System Hardening Program Rider Factors (SHPRF) calculates the rider factor charges on a per kilowatt-hour (kWh) basis for each major class and Service Level (SL). A combined class is created for minor classes (including municipal lighting and pumping, outdoor security lighting, schools and oil and gas producers rate classes) and is referred to as **Other** class. The Other class formula calculates those minor classes' SHPRF. The Other class formula only calculates a single factor to be applied to all applicable SL 3, 4, and 5 kWhs of this combined class. The Residential class only has customers under Service Level (SL) 5 so only a SL 5 factor is calculated for Residential:

$$SHPRF_{lpl SL 3,4,5} = \frac{A \pm B}{Base \ LPL \ kWhs_{SL 3,4,5}} = LPL \$ \text{ per kWh}_{SL 3,4,5}$$

$$SHPRF_{res SL 5} = \frac{C \pm D}{Base \ RES \ kWhs_{SL 5}} = RES \$ \text{ per kWh}_{SL 5}$$

$$SHPRF_{pl SL 3,4,5} = \frac{E \pm F}{Base \ PL \ kWhs_{SL 3,4,5}} = PL \$ \text{ per kWh}_{SL 3,4,5}$$

$$SHPRF_{gs SL 3,4,5} = \frac{G \pm H}{Base \ GS \ kWhs_{SL 3,4,5}} = GS \$ \text{ per kWh}_{SL 3,4,5}$$

$$SHPRF_{other SL 3,4,5} = \frac{I \pm J}{Base \ Other \ kWhs_{SL 3,4,5 \text{ Total Class}}} = Other \$ \text{ per kWh}_{SL 3,4,5 \text{ Total Class}}$$

Rates Authorized by the Oklahoma Corporation Commission:

Public Utilities Division Stamp

(Effective)	(Order No.)	(Cause/Docket No.)
June 3, 2009	568007	200900009
July 2, 2009	567670	2008 00387

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where:

A = LPL SHP Revenue Requirement

B = Quarterly and Annual LPL Over/Under Revenue Recovery Review

C = RES SHP Revenue Requirement

D = Quarterly and Annual RES Over/Under Revenue Recovery Review

E = PL SHP Revenue Requirement

F = Quarterly and Annual PL Over/Under Revenue Recovery Review

G = GS SHP Revenue Requirement

H = Quarterly and Annual GS Over/Under Revenue Recovery Review

I = Other SHP Requirement

J = Quarterly and Annual Other Over/Under Revenue Recovery Review

SHP Revenue Requirements are all prior quarter SHP expenditures that have been accumulated by the Company and are not being recovered in existing approved rates, but may be placed in the Company's rates at subsequent rate reviews of the Company of the Oklahoma Corporation Commission (OCC). The recovery of these SHP expenditures is facilitated by development of appropriate revenue requirements and is authorized, subject to refund, and final approval by the Commission under SHP quarterly and annual reviews. Revenue requirements shall be allocated to class and SL by using the latest Oklahoma Corporation Commission (OCC) approved Distribution Demand Allocators. Initial costs under the SHP rider shall be assigned using the following Distribution Demand Allocator percentages:

Res (All)	-	53.9733%	Other (All)	-	5.6179%
GS (SL-3)	-	.0539%	PL (SL-3)	-	2.7280%
GS (SL-4)	-	.0302%	PL (SL-4)	-	1.5333%
GS (SL-5)	-	9.5900%	PL (SL-5)	-	21.8563%
LPL (SL-3)	-	2.1781%			
LPL (SL-4)	-	.7375%			
LPL (SL-5)	-	1.7015%			

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Base Class and Other kWhs are subject to Commission approved adjustments, but shall (for these calculations) be set as follows, subject to an annual true-up:

	<u>Total SL 3,4,5</u>	<u>SL3</u>	<u>SL4</u>	<u>SL5</u>
Res kWhs -	7,987,904,578	NA	NA	7,987,904,578
GS kWhs -	1,551,899,509	6,370,357	3,705,441	1,541,823,711
PL kWhs -	6,315,437,867	806,182,424	351,133,136	5,158,122,307
LPL kWhs -	1,449,668,324	764,692,760	260,917,440	424,058,124
Other kWhs-	801,969,859	NA	NA	NA

Annual Over/Under Customer Revenue Recovery Review: The rider revenue recovery will be modified based upon the results of Staff's quarterly and annual reviews. Any differences between the actual SHP costs, not in excess of the "not to exceed" amounts (including Commission approved ROR) authorized for SHP, and actual amounts recovered from customers shall be refunded to or recovered from OG&E's customers in the next annual period, but interim adjustments may occur if the Commission and the Company deem appropriate.

The SHPR factor calculations will be evaluated quarterly for each rate class impacted by the OCC Staff and the Company to determine whether a change is needed. Any warranted revisions in the SHPR factor calculations will be based upon quarterly reports submitted by OG&E to the OCC Staff for their review and consideration of program elements, including, but not be limited to, program expenses, capital investments, revenues and any other information required by Staff to evaluate the program. These quarterly reports will also include detailed engineering studies and estimated costs for the circuits to be hardened in the next reporting period.

CAP: During the Term of this SHP rider, the amount of system hardening program costs to be flowed through this SHP rider will be capped at the following amounts: (i) \$33.2 million for aggressive vegetation management and non-capitalized labor associated with the System Hardening Program; and (ii) \$35.3 million for capital costs associated with the System Hardening Program.

TERM: This SHP rider will become effective upon a non-appealable final order of the Commission approving same and will continue until all the costs permitted to be included in this SHP rider have been recovered or until the SHP Rider Tariff is modified, reviewed, or replaced by order of the OCC, whichever comes first.

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OKLAHOMA GAS AND ELECTRIC COMPANY
P. O. Box 321
Oklahoma City, Oklahoma 73101

1st Revised Sheet No. 49.03
Replacing Original Sheet No. 49.3
Date Issued July 24, 2009

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POSTING OF SHP RIDER FACTORS: The SHP factors shall be posted on the OG&E website in conjunction with the posting of the SHP rider. The factors shall be updated quarterly to reflect the billing factors that are applicable for each customer class and service level.

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