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Commissioner

BOB ANTHONY
Commissioner

TODD HIETT
Commissioner

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OFFICE OF CHAIRMAN

J. TODD HIETT

March 27, 2024

**(By electronic submission to:
State Online Filing System
and mdavis@okfinance.com)**

Governor J. Kevin Stitt
Senate President Pro Tempore Greg Treat
Speaker of the House Charles McCall
Oklahoma of the House Charles McCall
and CEO Michael D. Davis

Re: Public Service Company of Oklahoma – Audit pursuant to 74 O.S. § 9078

Governor Stitt, Pro-Tempore Treat, Speaker McCall, and Authority President Davis:

Attached are the results of an audit conducted by the Public Utility Division (“PUD”) of the Oklahoma Corporation Commission pursuant to 74 O.S. § 9078. The audit was conducted by PUD during its review of Public Service Company of Oklahoma’s request for a general rate change. As Chairman, I am forwarding this information to you in accordance with said statute.

If you have questions regarding this information, please contact my office at 405-521-2264.

Sincerely,

A handwritten signature in blue ink that reads "J. Todd Hiett". The signature is fluid and cursive.

J. Todd Hiett

cc: Mark Argenbright, Director and OUSF Administrator, Public Utility Division
and Consumer Services, Oklahoma Corporation Commission

PUD Audit pursuant to 74 O.S. § 9078

PUBLIC SERVICE COMPANY OF OKLAHOMA'S RATE CASE APPLICATION
Case No. PUD2022-000093

Pursuant to 74 O.S. § 9078, the Public Utility Division (“PUD”) of the Oklahoma Corporation Commission (“Commission”) is required to perform audits of the amounts received from customers, and paid to the holders of the securitization property:

...the Oklahoma Corporation Commission may require an audit of all amounts received from customers under an irrevocable and non-bypassable mechanism and paid to a utility, the amounts paid by the utility to the Oklahoma Development Finance Authority or other holder of securitization property. An audit, as provided in 74 O.S. § 9078, shall be part of any general rate case filed by a regulated utility currently affected by a financing order with outstanding ratepayer-backed bonds.

On February 10, 2022, the Commission issued [Final Financing Order No. 723434](#) in Cause No. PUD 202100076 authorizing the issuance of ratepayer-backed bonds to finance Public Service Company of Oklahoma (“PSO” or “Company”) for the extreme purchase costs incurred during the February 2021 Winter Storm Uri. The bonds were issued on September 7, 2022, and the total amount securitized was \$696,920,000.

On November 22, 2022, PSO filed Case No. PUD 2022-000093 to request a general rate change.

On March 7, 2023, as part of the request for a general rate change filed by PSO, PUD filed [testimony](#) relating to its audit of the Company’s outstanding ratepayer-backed bonds that stated that it:

1. Issued a data request for this information;
2. Reviewed the monthly servicer certificates during the calendar year;
3. Held an audit conference with the Company to discuss PSO’s accounting process regarding collection and repayment of the bonds; and
4. Validated numbers reported in the monthly servicer certificates and Winter Storm Cost (“WSC”) Rider true-up work papers to PSO’s internal accounting system and banking records.

On a monthly basis, PUD receives a monthly servicer certificate from the Company, which outlines the amount of money that has been collected from customers, as well as the amount of money that has been remitted to the trustee. In addition, PUD receives PSO’s WSC Rider true-up and supporting work papers from PSO on a semi-annual basis. The following figures are as of December 1, 2023:

1. Total amount of the original securitization bond	\$696,920,000
2. Annual interest rate on the securitization bond	4.55%
3. Total annual interest expense paid	\$38,172,035
4. Total interest expense paid to date	\$38,172,035
5. Total annual revenue collected per the utility tariff	\$46,399,924
6. Total revenue collected to date per the utility tariff	\$59,846,050
7. Remaining repayment term	19 years
8. Outstanding principal balance	\$680,327,123

After the merit hearing was conducted before the Administrative Law Judge (“ALJ”) on May 22-24, 2023, the ALJ recommended partial approval of a non-unanimous Joint Stipulation and Settlement Agreement ("Joint Stipulation") entered by certain parties. On November 3, 2023, the Commission issued [Final Order No. 738226](#), adopting the Joint Stipulation and the recommendation of the ALJ in part. On November 21, 2023, the Commission issued [Order No. 738571](#), which modified Final Order No. 738226 and concluded this matter.